SUN 'N LAKE OF SEBRING IMPROVEMENT DISTRICT
BOARD OF SUPERVISORS BUDGET WORKSHOP
Wednesday, June 13, 2012

MINUTES

A budget workshop of the Board of Supervisors of Sun 'n Lake of Sebring Improvement District was held Wednesday, June 13, 2012 at the Community Center, 3500 Edgewater Drive, Sebring, Florida.

The meeting was convened by President Gangemi at 11:00 a.m. after the regular board meeting held earlier.

SUPERVISORS PRESENT:

Mr. Eugene Gangemi, President
Mr. Dave Halbig, Vice President
Mr. Frank Guglielmi
Ms. Diana Johnson
Mr. Richard Miller

The District General Manager, Michael Wright; Board Secretary, Julixa Robinson; Administrative Assistant, Juan Guerrero; Community Service Director, Christi Wolf; Finance Director, Tanya Cannady; Public Works Director, Greg Griffin; Kitson and Partners, Ron Wonderling; Kitson and Partners, David Bell; Kitson and Partners, Rich Unger; and District Attorney, John McClure were present. There were approximately 16 people in attendance.

Budget Workshop

Mr. Wright: You have before you the recommended budget for the upcoming fiscal year. It is a balanced budget and it does not call for any increases. It does contain any previously approved utility increases in water and sewer, but I'll talk more about that when we get into the separate funds. What I would recommend today is, for discussion purposes, we take it fund by fund. I won't go through the process of reading the five page transmittal letter, which I sent to you; it pretty well outlines everything since today's primary purpose is to go over the budget for the Board to make sure you're familiar with it and to see if you have any questions or any direction you want to give to us for the actual public discussion on the budget, which will be held at the meeting in July. I will point out that you're getting this budget, roughly, six weeks ahead of when you got it last year. I think we have plenty of time to discuss any of the issues that we have. Probably, the one area that'll generate the most discussion is in the golf fund and for that reason I've asked Mr. Wonderling to be first up and to, basically, give you the overview of what he's proposing. We do have a couple of changes that we need to make. Tanya, why don't you start with the one you just pointed out to me on the financials and then turn it over to Ron?

Supervisor Miller: I have some general questions. Can we take care of those before Ron starts? Mr. Wright: It's your pleasure. Supervisor Miller: The language regarding the paving program, Mike, I think is pretty loose. When you talk about the paving will bring almost every road in the entire District up to standard, that's not correct. Mr. Wright: Up to a 60 standard which is a rating that you get for roads.

Supervisor Miller: There's no way that those roads out in the west… I think that gives a false impression. If you want to say that it brings the roads in developed areas, in our developed areas, up to that standard then that would be correct, but not the roads west of Cortez. Mr. Wright: I was going off the most recent rating sheet and with what is being proposed to be paved next year you will take almost every road up to what is a 60 standard today. To give you an idea, Edgewater Drive has a 60 rating. Supervisor Miller: Yes, that's in a developed area. Mr. Wright: Yes, sir, but we surveyed every road in the District. Supervisor Miller: Okay. It makes me very nervous about that. Mr. Wright: Yes, sir, I understand. It's not all the roads, there are still some that will still be in the 55 range, but we're getting close.

Supervisor Miller: Can you clarify that $820,000 carry forward number? That's a big number. Mr. Wright? Which fund? Supervisor Miller: It's in your cover memo. I don't think it refers to fund, but it does say $820,000. I assume the big part of that is a storage tank, is that correct? Mr. Wright: Yes, sir, I believe that is correct. Supervisor Miller: It's under general fund. I thought we had gotten away from carrying these big balances forward. What would be the other $300,000? Mr. Wright: Can we do that when we get to the general fund? Supervisor Miller: Yes, okay.

My other question is you've got fire in there and I thought we were going to have a full discussion on whether or not we want to join the county. Mr. Wright: Yes, sir, you are. That meeting will be scheduled. I met with the Chairman County Commission yesterday and I will suggest to you that meeting won't be held until they resolve their county administrator issues. Until you decide to make a change I have to assume you're not going to change. If you do make a change then we can make the budget adjustments at that time. Supervisor Miller: That's not what we talked about in the spring, Mike. Mr. Wright: Yes, sir, but here's the problem. Supervisor Miller: We talked about the fact that you were going to present a full discussion on what we're going to do with our fire, but now we're being asked to approve those costs without that discussion. Supervisor Johnson: I thought we were supposed to have a workshop. Mr. Wright: You are and that's the point I was trying to make. I have tried to schedule that workshop, but quite honestly I cannot get the county to schedule it until such time as they resolve their administrator issues. I'm sorry but there are some things I cannot accomplish. Until such time as you decide to make a change then you have to assume you're going to go forward. You may not make a change; I don't know. Supervisor Miller: Yes, but then you've got stuff like $300,000 for a new fire engine; that's a big ticket item. Mr. Wright: Yes, sir, and that's also not in this upcoming budget; it's in an out year. You need to be aware that as part of your deliberation and discussion. President Gangemi: I was at the county commission meeting when they were having the discussion with Mr. Helms and whether Mr. Helms is going to continue in that position. They are in an issue down there and we can't resolve the EMS and fire until that is really put to rest. This is in the budget right now for the EMS and the fire. If it doesn't go through with the EMS situation, trying to bring them in house, then this has to stay in here. Supervisor Johnson: Isn't it a little strange that they can't make a decision because they don't know who their administrator is going to be? The commission makes a decision so I don't understand what the difference is. Mr. Wright: He is personally doing all of the staff work on this particular issue. He has not delegated anyone in his organization. Supervisor Johnson: The county commission is really aware of it, but not really up to speed on it? Mr. Wright: They don't know what the options are. Supervisor Johnson: I think we're a little premature on it anyway because we talked about it three years out even. It's not a big concern, but I can't believe… it appears that this is all in Mr. Helms' doings and didn't really keep his commission informed that much; I don't know. President Gangemi: That's an issue for them; I don't want to get into that. I just brought that out as a matter of fact and to support why the fire and EMS is still in there. Let the county commissioner's work out their issues down there. Is there anything else pertaining to this? Supervisor Johnson: Is there any reason for us to address it then? Should it be something that we have in here? Mr. Wright: The problem I've got in putting the budget together is we looked at making some changes in fire operations and you said no and to have a joint meeting with the county. Mr. Gangemi and I, probably, six weeks ago, met with the County

Chairman and the Assistant County Administrator and the Assistant County Administrator and I were going to work together to prepare all the staff work and set up the joint meeting, but she doesn't report to the County Commission, she reports to the County Administrator and the County Administrator superseded that direction and said, "I'll do the staff work." Then, unfortunately, what has happened is they have gotten in their own internal issues and we're going to be delayed, probably, 30 days on doing anything; maybe 45 days. I still think we'll have the joint meeting before this budget goes to public hearing in September.

Supervisor Halbig: It sounds like a lame excuse. I'd go right back to her and say that we need to have this because we need to make some decisions, too. Mr. Wright: Yes, sir. Supervisor Halbig: What the heck? We don't ask them for much. President Gangemi: If you really want to find out what the issue was that day then you should have been down there. You should have taken the time to go down and see what's going on. Supervisor Johnson: I didn't even know it was taking place. President Gangemi: Let's continue on. Are there any other questions regarding the pages here; preliminary pages? Mr. Wright: Yes, Tanya, why don't you make that one correction on the transfer that was in the current year in golf so the Board has the accurate number? Tell them what page it's on.

Ms. Cannady: Are we ready to start the golf fund? Mr. Wright: Show them that correction first. Ms. Cannady: Okay. It's Page 2 of the actual budget in the golf fund; 6 pages in. In the middle of the page you have non-operating revenue section and you have under the 2011-2012 amended budget, you have $460,000, the third column over. President Gangemi: Wait a minute, Tanya. Ms. Cannady: In the golf fund it will be Page 2 at the bottom. It's Page 2 of the actual budget so 6 pages in. In the middle of the page you have non-operating revenue, assessment revenue for golf, $460,000 under the 2011-2012 amended budget column, the third column over, the $460,000 should be $364,000. Supervisor Halbig: Is that related to that equipment? Mr. Wright: Yes. Ms. Cannady: Yes. Supervisor Miller: You've got a total down here, is there a new total or does that reflect the same total? Ms. Cannady: It's going to be $96,000 less on the total. Mr. Wright: I'll give you a number in just a second. Supervisor Miller: The figure I'm talking about is $3,234,660. Ms. Cannady: Yes, sir. Mr. Wright: $3,139,660.

Ms. Cannady: Then on Page 8, the very bottom figure on the third column over, it has revenue over/under expenditures of $96,000, that's going to be 0. Supervisor Halbig: This is all related to this equipment thing; the question that I brought up, Tanya. The transfer was $96,000 less because of the resolution that we passed to buy the equipment. Ms. Cannady: Yes, and we did a budget amendment for that. I did the budget amendment. We both, in both of our funds, reduced the assessment by $96,000 and it's based on that equipment purchase. Mr. Wright: Reduced the transfer. Ms. Cannady: Reduced the transfer. Supervisor Halbig: I didn't want to get into this until later, but the way that resolution was put together, it said that the golf operation would be… They paid it last year; they paid $96,000. There was $96,000 paid for the purchase of the… Ms. Cannady: This year. Supervisor Halbig: But in this budget they're not paying anything. Mr. Wright: That is correct. Supervisor Halbig: This first cut of the budget? Mr. Wright: Yes, sir. Supervisor Halbig: I dug out the original resolution and I asked you to give me the resolution number and I was always under the impression… I carved about the fact that we had it on a five year schedule versus a seven year schedule because I didn't want to impact the cash flow of the golf. It said in the resolution, item 4, that payment for the interest and principal amounts will be made from the golf maintenance records accounts. The resolution never was amended based upon the conversation we had because it still identifies TD Bank as the financial vehicle we're using for this. How come they paid one year and they're not going to pay for the next four years? Mr. Wright: Well, that's part of what we want to discuss today. Supervisor Halbig: I think we need to. Mr. Wright: Yes, sir. Absolutely, I think we should discuss that because, as Mr. Wonderling is going to point out, he's looking at a reduction, I think, in some numbers. Let's let him give his presentation and then pick that up. Supervisor Halbig: Okay, because I've got a lot of other questions. Mr. Wright: Sure.

A. Overview of Golf Operations

Mr. Wonderling: Thank you for taking the time today to go over our golf fund budget. Our approach in looking at this budget once again was to continue to give the same level of service if not a little bit of increase in service to our members, our guests, our residents of the community; that goes for not only the maintenance of the golf course, golf operations but also the rest which has been a very positive operation the last couple of years. In doing so, this past year our current financials we are approximately $50,000 ahead of budget. For example, the budget that was amended, we're $50,000 ahead of where we thought we would be through the month of May. We just got our preliminary financials yesterday so we're going to have a couple of adjustments, but just to give you a rough number. With saying that, this past year all revenue line items, with the exception of memberships, I'll take memberships aside, are up year over year. Greens fees were about $90,000 ahead of what we did in 2010. If you look at 2010 to 2011, the big thing that was done was the greens renovation. A lot of it has to do with what happened on Deer Run; we did get a significant amount of play. In addition to that, that's not solely on the greens, we did have some better weather this year. December was a nice month year over year and also January and February we did not have as many cold snaps. It's not solely that we did the greens and we got around $90,000, but it has a big impact of our operation. Looking at the budget next year, as you'll see in the assumptions as I get to the capital, we are proposing some capital items that would affect our rounds. The rounds in general, the mix has changed of how many members play to guests or hotel, so on and so forth. We're saying that we're going to do about the same amount of rounds we did in fiscal year 2012 as 2013. Moving on in 2012, as many of you are aware, we did a membership survey and we did a membership study. Membership, as I stated a few minutes ago, is the one area that we're decreasing in and I hope everyone is aware of it. To give you an example of what we're up against, we have 55 memberships that are over the age of 80. With that, every year goes by we are losing a significant amount of members. Under the age 60 we only have 26 memberships under that. We have about 432 memberships; that gives you an idea of the 432 and 80 of those are over the age of 80 and 26 are under 60. When we looked at the memberships and did this whole feasibility study, talked to a bunch of our members, did a bunch of focus groups of what they like about the club, what we can change and how to go about trying to correct this problem. In our industry, we know that the two main factors to joining a club are real estate, we're not having as many people move into the community. I will say that I spoke to one of the ladies from Ridge Realty and she had her best year ever since 2004; there is movement in the community. A lot of it is coming from the Canada market and the southern coastal communities. We did a big tradeshow up in Canada in Toronto this year and it was, probably, the best tradeshow that we've done where we had the most impact from, I would say.

With talking about membership, under the assumptions, I'd like to point out some ideas for next year. Through the study we would like to change our membership programming starting with our current membership. We have a full membership and a single membership excluding the over 80 and 85 category. What we found in talking to our members and looking at our decline, we're losing not only the over 80 and 85's, but we're losing a significant amount of single members. It comes down to the cost. How many times am I playing? They look at a family membership from a single to a family it was about $700 more; they're looking at it and saying that if they were married it'd make sense. With looking at that, we're proposing decreasing, and there's a risk to all of this, of course, but decreasing the single cost to join the club which is $211. On the flip side we're also proposing to increase the family membership $144. With that, with the study, everyone is looking for value. Looking at the membership and asking what they're getting for what they're paying for. Everyone enjoys the club, 90% of the people said that the reason they joined the club is more social than actually golf related, which was, kind of, an eye opening for us. With that, we feel that if we add value to the membership we're going to get some people that are on the fence of joining, help us separate our community from our competitors. We would like to… In the past it was a la carte to do your driving range or your handicap fee so we would like to include that in the membership. With increasing the family membership, we're proposing adding that; they're going to get the driving range, $200 on their key, and the handicap is included; it's all an encompass fee. In addition to this, and we had this in our membership when we did have the recreation complex, we'll say, over by the old clubhouse, we didn't have a fitness center but a pool and I've talked to Michael and Christi about this and there's a financial effect. In my report, there's about 60, we said, members of the golf club that are members of the pool and tennis. Since that we've, kind of, got a little bit better number, I think, it's probably closer to 70. We would like to include the use of the pool and fitness center included in the golf membership. Reason being, just adding more value to that so that when someone comes and looks at the community, the people are on the fence saying, "Wow, I get all of this with my membership." Will they use it? Seventy people have joined. We have 266 members and only 70 memberships are members of the pool and tennis. We thought to include it. Will they use it? Probably, but from the study we think that they might use it though most likely they won't; it's, kind of, an added value. When they do have family in town I can see them paying $3 to bring a grandchild or whatnot. That's something to discuss.

Outside of full and single membership we'd like to add some new categories. One of them, looking at our study that we only have 26 people under the age of 60, we break them down further, we only have 4 memberships that are under the age of 50 years old. We feel that there is an opportunity here to go after, we'll say, the people that are still working, other people in our county that do play a lot of golf but there's not a membership program, really, in our county that caters to, we'll say, the working class. We'd like to offer an executive membership under the age of 50 for single and family, which would go from the age of 25 to 50. In addition to that, we'd also like to offer an 18-25 year old membership. In addition to that, a youth membership under the age of 18. We can go into the proposed rates and how it'd be structured. They'd have different restrictions compared to the full. For example, with our full membership we'd like to change it from a two week advanced tee time to three weeks; it gives our members plenty of time to make their tee times, but with the executive, for example, we'll give them two weeks; for the youth membership we might only give them three days, for example, to make a tee time. It would interfere with our core membership base. The price point is lower than what a full membership would be, but we feel we have an opportunity to get these people to come join the club and, hopefully, stay with us for a long period of time. The fear that I have is looking at our 55 memberships over the age of 80, three, four or five years go by and we don't change our membership structure… we're already in some problems with the membership. Last year I sat here and said we we're expected to lose about $105,000 in memberships; I was incorrect; we actually only lost about $89,000 year over year in memberships. We've already identified 30 of our current memberships that will not joining next year for various reasons. Unfortunately, as everyone knows, we've had a lot of members pass away, we've had a lot of members go on medical leave and 95% of people that go on medical leave, unfortunately, as much as they want to join the club and would love to come back, the surgery that they have or the health issue that they're dealing with… they still come up to the restaurant, they still socialize, but they don't fork over that $4,000 investment. We feel if we don't do anything and keep it the same we're expected to lose about 30 members next year. With the assumptions, that's, kind of, the overview of the membership. If we went down the road and said we're going to add these categories, we've put some targets, we've identified five executive families that we feel would be a reasonable number that we can get, 5 singles, 5 juniors, 20 youth memberships. With reducing the single, I feel I can pick up, at least, 10 single members in the community that already play the club that'll join the club with that reduction and 2 families. What it would do is we'd add some more members to the club, hopefully, incrementally, they'll spend more money at the club in terms of the restaurant, golf operations, bring guests and family… the one thing we did find through the memberships study is, unfortunately, as we get that… we'll pick on the over 80's. The 55 people that are over 80, all of their friends, majority of their friends, are already retired; they're already somewhere. Getting them to convince their friends to move to the community is tough. Luckily, we've had a lot of members that have promoted the club and have gotten people to move here, but as we all get older people have already, the ones that have retired, have already had their play. We've got to look at that and say we have a concern, every line item was up with the exception of memberships so this is the area we've really focused in and asked if it would work. Granted, work case scenario is we do this and I don't pick up 1 single person, which I don't think would happen, well, I just reduced the single, we're taking less money, we included the handicap, we included the membership, yes, we went up on family a little bit, but that would impact us. What would we do in that case? We would tighten our belt another notch and/or reduce expenses. The budget is a guideline, kind of, that cap we like to spend overall. Luckily, due to good fortune with the improvements we made on the golf course, improvements we made on service, we're $50,000 ahead of the budget last year. We would continue to make significant cuts if this didn't work. I'll, kind of, walk you through the assumptions. We can come back because I'm sure there are a lot of questions in regards to the membership, but a lot of it ties together.

Trail fees, we're proposing to leave flat, however, we are proposing to add a club cart trail fee, if you would, where someone that, we'll say, has a condo or has not purchased a cart, give them an opportunity to join the club and use one of the club cars; that is, kind of, a topic we've extended, we'll say, someone that has purchased a condo, moved to the community, we have extended and they can use one of our carts, purchase a trail fee, but they need to buy a cart. Unfortunately, we've had a couple of people that have not jumped on that and bought a cart; they're, kind of, we'll say, taking advantage a little bit so this would correct that. We, kind of, set a fee of about $700,000 for that, but we can discuss that as we go on. In addition, I've seen this at other communities when we did our membership study, nothing in Highlands County, but over the age of 90, we've seen people or clubs wave their membership fee and all they would have to pay is a trail fee; the $950 that seniors pay for a trail fee. If you're over the age of 90 you pay your $950… our over 90's play about once a week, maybe twice, and it's usually 9 holes. It's a common added benefit we can extend. Maybe those 85 to 90 would stay on longer; it might keep them around a little longer. I'm not saying it's a huge amount of money, but it all adds up.

Greens fees and carts fees, I combined them. I know that was one topic that was discussed; instead of keeping them separate. I know Supervisor Halbig mentioned that to me so I did it with this study. Increasing our greens fees from about 2%, which in the proposal there's some slight increases and, kind of, the mix of where we're getting our public player, hotel play, and so far and so forth.

Driving range fees, were saying membership would be included, we're proposing, but the "per bucket" price that a lot of our residents pay and public pay, we'll leave it flat.

Total operating expenses is proposed to go up 3% year over year. The main reasons that attribute to this are health insurance costs, we had some vacant positions through the year and I'll just name a few of them. Our mechanic, we went a while without having a mechanic. An irrigation technician, an assistant out on the golf course; we are very lean. Golf operations, we had a void when Kim O'Neil and Rich Unger joined us. One of the assistants positions, a few areas there that we, kind of, went lean; we put that back in the budget. For golf, when you go to the itemized, the wages are, from what our trend is to what we're budgeting, an increase. If you look at the budget that was approved this year to the budget next year, it's right in line. We would do exactly what we did this year. Anytime we can save money… we get rain, we send people home. We are very tight on our expenses.

Operating costs, one thing we do see is we're getting delivery charges on everything because of fuel so that's the reason for the 3%. We can go into the detail of where that is made up from.

Food and beverage; knock on wood on this. We're trending for a second year in a row to have a break even operation. The 2013 proposal is also a break even operation. The one area that I mention every year is every year we'll look at our food costs, what it costs to purchase the food. This year we know we're going to have to go up on some fees. I just want to make the Board aware of that. Our portion costs have gone up and deliveries. In order to achieve this break even operation, not only have we not increased really the bar area, the core restaurant area, where we've really went up is the weddings; we're trying to get as much out of the weddings as we can. Unfortunately, with the added cost of food, we all see in the grocery store, it's funny when you purchase something and it's 20 ounces and then you buy it a month later and it became 17.8 ounces. I understand it and, unfortunately, we're going to have to start passing these on to the consumer.

A member of the men's golf association spoke to this, but last year we looked at the golf associations and we said that they do a lot for the club. We gave each of them $2,500 to use at the club, but it had to be used at the club; they had to use it on purchasing something through the club. The men's association approached me this year during our budgetary time and through our membership study. Looking at the men and ladies, the men put on over 20 events where the ladies only put on X. They asked for an additional $2,500 so they would get $5,000 to the men's association. I told them that this last year we had a great working relationship with them and our core staff with the men's association, I know it's been back and forth with cost of what it cost to put on events, so I said I'd put it in my budget and for them to provide supporting documents to the Board. I know he spoke in support of it, but that's something to discuss at some point.

Net operating income, due to the fact of the increase costs, with the memberships, we feel it's going to finish lower than it did this year. One reason, and we'll get into the capital, we feel it'll be a hunker down year that from a financial standpoint, losing 30 members, doing the membership, it is very possible that our NOI will be a little bit lower than year over year.

Going into capital and, kind of, closing. I know this was discussed previously, but we did put in, for renovating, the Turtle greens at a cost of $150,000. At the same time, I know Michael can speak to this, but for renovating the fairway on Hole #1 Turtle, there is an opportunity… Mr. Wright: Let me speak to that. That is not golf course requested expenditure. That is administration recommended expenditure. With the release of the scrub jay habitat, we're going to free up 11 buildable lots on Bonnie Drive that have water and sewer and no debt. In order to that, because of where the current cart paths are it actually encroaches onto the lot lines, we're going to have to shift about half the hole including the tees to the east 50 feet. Mr. Wonderling: Correct. Mr. Wright: That's the estimated cost and part of what's driving the cost is moving some irrigation lines. Mr. Wonderling: Correct. We have a main line in the irrigation.

Supervisor Miller: Ron, excuse me, I just want to clarify. You said it's not a golf expense so what line item is it coming out of? Mr. Wright: It's coming out of capital and general fund; it's identified in the capital and general fund. It's not a golf requested expenditure is what I'm saying. Supervisor Miller: Under the general fund what line item is it coming out of? Mr. Wright: Page 12, under contingency reserve/other, as that transfers out. Supervisor Miller: It's coming out of contingency? Mr. Wright: No, sir. It's coming out of the general fund; that's the line item; the heading is contingency reserve and other; this is the transfers out line item. Supervisor Miller: Okay, thank you. I'm sorry, Ron.

Supervisor Halbig: While we're talking about moving the tee box over, do every one of those lots along that strip encroach on the golf course or is there, say, half of them? Mr. Wright: I can show you on a map, but you're pretty much going to have to move the fairway over down to about the first developed property, which is about… Mr. Wonderling: I would say, probably, an average of 300 yards right off the tee right side. The fairway would come over. Granted, because of the scrub jay being lifted, we'd be able to encroach a little bit on the left hand side. We'd, probably, relocate that bunker out there. Granted, the hole itself would become a little more difficult. It wouldn't be any different than most… 75% of the Florida golf courses do have homes on it. Would it change how you would play the hole? Absolutely, but picking up 11 homes with already sewer and stuff would be an opportunity. Supervisor Halbig: I know when you get down further toward the tee box there's some grow and terrain there that would really be a problem for anybody that wanted to build a house; that's the only reason I was asking; it's pretty flat until you get down toward the tee box. Mr. Wright: That's why we've included some money to try and reshape the fairway. Supervisor Halbig: Really, I don't know why we would want 11 more lots to add to the thousands that we can't sell now. Mr. Wright: Because these have no debt and they're golf course frontage lots. They will build again in the District and I think these will be the first lots that would be sought after. Supervisor Guglielmi: I suspect that, probably, the only thing we have to do, we probably don't need to move the fairway, we just tighten it up. the first house as you go forward, from tee to green, the very first house you come to is pretty tight right there. If you take that line and extend it you're eliminating a lot of those mounds on the right. Basically, you'll eliminate the rough; that's what you do. If you wanted to keep that hole you might just put a 10 yard strip of rough, tighten the fairway up and you, probably, won't have to do anything on the left side. Mr. Wonderling: From what we gathered, we'd feel like you'd want to do something on the left side just to make it a little more playable. In the money that we've allocated, the $40,000, that includes playing around with the left side a little bit. Granted, if it was decided to not mess with it, there would, probably, be some reductions. Supervisor Guglielmi: Also, on the other side, there are still lots there. Aren't there? They're still building lots. Are we encroaching on those? Mr. Wonderling: No. Mr. Wright: No. Mr. Wonderling: We would be encroaching on the scrub jay area that has been lifted by the state. I'm not saying we're going in 50 feet, we might only go in 10 feet or 5 feet, but from an aesthetically pleasing… Supervisor Guglielmi: But those are still building lots, aren't they, Mike, on the other side? How much do we have where the scrub starts now to the road? How far is it? Mr. Wright: Let me get the maps brought over after lunch. Supervisor Guglielmi: Do we have plenty of room to move it? Mr. Wright: Yes, you do. You have plenty of room to move it; more than ample. Ron and I both looked at that and you've got plenty of workable land. Supervisor Guglielmi: Before we start spending money, let's take a good look at, maybe, just eliminating the right rough on that hole. Mr. Wright: Sure. Supervisor Guglielmi: Because all we'd be doing is making it as tight as it is a little farther out. Mr. Wonderling: Okay.

Mr. Wonderling: Obviously, the Turtle Run greens we are proposing the relocation of the fairway. In addition to that, there's some cart path work that we did not do this year that will be proposed to be moved to fiscal year 2013. Mr. Wright: Let me interject here. Part of this was discussions Ron and I had. If you plan to renovate the greens anytime in the future in the next couple of years, we feel like we need to shut the golf course down for, at least, 30 days or 45 days next summer to go in and do the environmental work that we want to do on the wet areas that we want to clean up. In addition, we want to put the cart paths in at one time; replace all the broken concrete. When you do that you're going to rough the golf course up with the concrete trucks coming in. Our thoughts are to shut it down, do all the work at one time and then be out of there.

We'll try to do it next summer or, at least, after Easter. If we're going to shut the golf course down 30 or 45 days… if you're going to do the greens in the next couple of years then why not go ahead and do it all at the same time? That was our thinking, but, of course, you don't have to do that. Mr. Wonderling: Obviously, this effort was a combined effort of stuff that Mr. Griffin has proposed in terms of environmental things that need to be done. We concur with what their thinking is. If you're going to do it do it once, be shut down and then going forward you don't have these renovations.

In addition on capital, we're proposing an outdoor kitchen cooler for the Island View Restaurant. As many of you know, from taking tours of the restaurant, our cooler inside the building, when it was designed we did not intend to have this massive operation, it was supposed to be a very simple restaurant operation, but it turned into something very successful; successful meaning we're breaking even. What has happened, though, and it goes in part with cost of sales, is Kevin, who does a great job with our meals and managing, we'll say, the heart of the house, the kitchen area, he has come to me on numerous occasions because we're running out of room in terms of coolers. In addition to that, he can't buy, we'll say, in bulk because the cooler space and mainly the freezer space won't allow it. How we would do this if it was approved through the budgetary process, as many of you are aware, we put a shed in a few years back because, obviously, the operation got bigger, we don't have a lot of storage, so we were lucky enough to do a shed in, kind of, the loading dock area. We had a kitchen consultant come out free of charge to look at the area. We'd be able to move that shed approximately 15 feet out still in that loading dock area so from an aesthetic area you wouldn't even notice the difference and the cooler would go behind it. Access to the cooler would be outside the back door, we'd be able to accommodate our bigger functions, bigger weddings and big golf events with that. That's a $25,000 number and it includes the electric and everything associated with that.

The next item that I'd like to discuss is that we have a proposed maintenance equipment purchase. Last year we did purchase some primary mowing equipment that was replacing the 2004 equipment that came. The plan was instead of coming to the Board let's stagger year over year instead of doing it all at once. The items that are on the table for discussion is to replace our 2004 spray rig. A spray rig is what we use to put out our chemicals on the golf course. In addition to that is a rake o vac, which picks up not only debris on the golf course, but it's used through ergonomic practices for the greens, roughs, fairways, etc when we do aggressive practices. We're replacing one tee mower. We have multiple tee mowers, but we feel one at this present time would help us stay ahead of the curve.

Supervisor Halbig: I've got one question about that. What's the difference between a riding green mower and a tee mower? Mr. Wonderling: David, would you mind commenting on the equipment? David is our golf course superintendent. Mr. Bell: The actual tee mower that's being proposed is, actually, the same unit that we use on the greens. The only difference would be the height that we set the mowers at. Supervisor Halbig: Last year you bought three new riding green mowers and then you bought nine cutting units for those tee mowers. Mr. Bell: For the greens we bought three triplex mowers to mow the greens with and then we bought five walking mowers to mow the new greens with on Deer. Supervisor Halbig: But you say, basically, that this tee mower that you're talking about is exactly the same unit as a riding green mower. Mr. Bell: It's the same unit, it'd be similar to the mower that we purchased last year, but the mowers that we're using on our tees currently are from the 2004 original fleet. Mr. Wonderling: There are three pieces of equipment that we feel are necessary to continue moving in the right direction in the maintenance equipment.

In addition to that, we have identified a couple amenities, we'll say, or aesthetically pleasing items. Number one, this has been requested since 2004 from our membership; a driving range cover, which is proposed at $11,500. As many of you know, there's no shade whatsoever on that driving range and this would allow a station, a moveable fixture, where not only the membership but guests could get some shade when they practice. It is more of an amenity and we feel that would be a nice feature for that range.

In addition to that, we'd like to renovate the landscaping on Hole #1 and #10 on Deer Run. It's in need of a lift. Looking at the golf course when you're standing up, the clubhouse area, landscaping around the clubhouse; it's very up to date and very clean. The landscaping around both these tee boxes is old and tired and so to help encompass the image…

Supervisor Guglielmi: I see a bunch of trees with ribbons around them. Are we going to cut those trees down? Mr. Wonderling: Let me have Mr. Griffin comment on the ribbon trees. Mr. Griffin: The trees that have ribbon on them are the ones that we're treating. We're either adding phosphates to the roots or build them up because they're having some water damage issues. We're treating them for pine bores or if they have yellow ribbon they're oak trees with mistletoe in them. Those are trees that we're currently treating. Mr. Wonderling: We're doing a little treatment to the trees.

In addition, each year we try to set aside a dollar amount; $10,000 for contingency so if something does break or we have an emergency repair there's some money set aside to fix something so we don't have to call an emergency board meeting or whatnot. With that, the money from start to finish on that, some of it, of course, is allocated in the golf fund budget, the remaining would be coming… Michael Wright can touch on how… if, for example, we'd like to do this, how it would be done; some of it is coming out of golf and some of it would be coming out of another fund.

Supervisor Guglielmi: Have you given any thought to, possibly, putting lights in the driving range? I would never use it, but a lot of people have asked about it. We could, probably, make additional money by putting lights so people can see at night especially in the winter time. Mr. Wonderling: I have not given it a ton of thought, we'll see. Would it be the only lighted range in Highlands County? Absolutely. Could we possibly increase our revenue from that? Yes. I can definitely get a quote during the next budget meeting and bring it back to let you know what it would cost to light the range. What I found from ranges is the people that don't live near it love it, but the people that are close to the area might have… depending on how it was done. Sometimes you're just lighting the targets and having low lights up by the tee box where it wouldn't be any different than a parking area not a ball field. I can definitely look into that for the Board and, at least, give it an option.

I have a couple of more items. One, the assessment revenue recommendation, we put at $460,000; that would be our recommendation to balance out this first draft proposed budget. In addition to this, just a couple of add on items from the time we submitted this budget there were some conversations. One area of concern, and I know it's been discussed individually, and you can see it when we get to the budget proposal under "resident greens fees", our staff is very accommodating to the guests that come in the club. If someone comes up and says they're a resident of Sun 'n Lake, hopefully, staff is asking questions like, "How do you like it?" or "Do you rent or own?" The standpoint is we don't question them as thoroughly as we'll say someone who's purchasing a pool membership or a fitness center membership because we don't have access to that information. What we'd like to do, if it's feasibly possible, is start a resident card and maybe there would be a nominal fee. Someone that wants a resident rate at the golf course would have to get one; meaning, apply for it if it was done through Town Hall, for example. In turn we could give them a $5 coupon off of a range bucket. At least, when someone comes in it's more of, "Here's my card; I am an approved resident of the community." My staff, unfortunately, they just don't know the names on the streets; we're taking people's word of honor on it. Can it be abused? Absolutely. That's something that we'd like to discuss and something that maybe we can do going forward.

The next page in your proposal is, kind of, the proposed rate changes. I've talked about the family and membership. There's the proposal for the executive membership, the single, the junior. I have proposed to go up $1 on the resident and member/guest rate. That will help us in terms of selling the full membership and single; having a little more separation. Our public rate, we're at $50 currently, we do discount off of that a little bit, but it would help us. We want them to join. The reason being, if they join, they're going to get acclimated, they're going to meet new people, they're going to use the restaurant facility and spend more money at the club, which is the overall picture.

The next page, this was brought up last year. We have talked about a food and beverage minimum for the members. Obviously, last year we said it was not a good idea. The reason I included it is because as we're looking at a declining membership and depending on which direction we go in the mix, this might be an opportunity to have the members that, maybe, don't use the club know that they've got to spend $25 a month or $50 or $75. That's the reason why I put this in here; just a topic of discussion.

The next page, of course, is the golf fund budget detailed out in terms of where the revenues are coming in to the line items. Supervisor Guglielmi: Ron, excuse me. Can you explain to me, $25 a month or annual plan? Mr. Wonderling: The last time I proposed this was because we do have a lot of seasonal members. In theory, instead of saying $25 a month we can say they have to spend $450 over the course of your stay. Supervisor Guglielmi: Could you just make it 25 times 12? Mr. Wonderling: Sure, you could. It's just another way of looking at it. Supervisor Guglielmi: It seems like if you pay by the month, you pay a lot less. Mr. Wonderling: Sure. From the math standpoint I completely agree; everyone looks at it from paper and pencil. A small loophole, for example, of joining or not joining, or I get this or that, that's why you're 100% correct on the food and beverage thing. If we could add more value to the membership… our local competitors don't have this. We're just trying to make it more enhancing; that's the overall logistic.

The next page is the golf fund budget; it itemizes out. One thing I'd like to point out before we get into this, one of the big hot topics that we talked about through the membership survey, is our relationship with Tanglewood. Tanglewood comes over to the facility and uses it; we give them a discount. That discount, as a whole… In 2010, we got about $24,597 from the Tanglewood golfers. I was able to negotiate with them this year and we got two days out of it. This year we're trending estimated actual $61,518 in golf fees associated with Tanglewood which is a nice increase. Granted, they are getting a discount. What I'm proposing for next year to, kind of, help alleviate the pressure from this is to have them come over and negotiate a little bit further and possibly get a little more money out of it which would be great, but to try and help soften the blow from the membership, we're saying to let's come up with a plan in that your immediate family, like your parents, brothers, sisters or grandparents can play at a nominal fee; $25, they can play in season anytime, maybe a week maximum; they get the member/guest family rate. Immediate family will get the lowest rate. Outside of that, if you have a guest that's coming to visit for a day or two, it would be the member/guest rate that's been already approved.

Supervisor Guglielmi: Ron, a while back I gave you a proposal. The member/guest rate is a real touchy point, Ron, because everybody is a member's guest. Mr. Wonderling: Correct. Supervisor Guglielmi: My proposal was to give a card with "x" number of member/guest punches. With respect to who it is, your cousin, your uncle, your dog or whatever, if they come in and get their card punched, that's it; whoever you bring in after that pays the full rate. Mr. Wonderling: Right. Supervisor Guglielmi: I think that would, probably, be better because it doesn't matter who your guest is; it could be a good friend from up north who comes down for three or four days and wants to play; he's your guest so give him the preferential rate, but once that card is used up then it's done. Otherwise, you're going to have a heck of a time trying to figure out who's who. Mr. Wonderling: Sure. The reason we, kind of, proposed this is, number one, to have a structure in place where you have to fill out a form and then we can follow up with these people; we'll have a tracking mechanism opposed to a punch card where we'd like to think that everyone will do the right thing. It's a way to take care of our members and their immediate family. The idea was to put something together to alleviate this animosity toward Tanglewood. The fact of the matter is we're about to get $61,000 out of them. Granted, I would love to charge them full price, but the fact of the matter is, the way it's structured, is if we go too much they leave and now that $61,000 goes to $0 for next year. I have to either find additional revenue, cut that money out of the budget or have the nerve to ask the Board of Supervisors to help offset that. I'm trying to look at it from all angles. I'm not saying this will alleviate the problem, but, at least, the membership can bring their immediate family. A punch card is an option, too. We're open to anything. The reason we do these workshops is to have open conversations. We're hoping to continue the level of service and continue good maintenance practices on the golf course. Supervisor Guglielmi: Immediate family; are you going to ask somebody to identify? Mr. Wonderling: No. Supervisor Guglielmi: Ron, if they want to cheat, they're going to cheat. Even if you only make it 10 passes and the individual's name is on there, he has to present it.

Supervisor Johnson: Also, Ron, you mentioned we have to identify residents as being residents, how do you know all those Tanglewood people are Tanglewood people? Mr. Wonderling: I don't. Supervisor Johnson: The amount of $61,000 says to me that some of them may have asked somebody from somewhere else to join. Mr. Wonderling: That's a very valid point. Supervisor Johnson: I think, somehow, we need to monitor that. Mr. Wonderling: How it's structured is we meet with the two representatives from Tanglewood, they send over a list of 100 people in season with names and when they come to check in they get that allocated rate. You are 100% correct; that is possibly happening and it could be happening.

President Gangemi: Ron, you said that you have 100 people checking in; that's a lot of people. Supervisor Johnson: When they come in the staff should make sure that they're a resident. President Gangemi: You brought up the fact that people might be bringing other people, other than Tanglewood people, in here. I'm bringing up the issue of how you check them every time when they come in. Supervisor Johnson: Well, if they're not on the list then they're not a resident. President Gangemi: You still have to check every hundred people coming in. What does that do? You have a line going out the door? Supervisor Johnson: The same thing with the residents; a line at the counter when you come in. I'm just saying that it's not fair to our residents to have them prove identity when anybody from Tanglewood could walk in here. Mr. Wonderling: I'd like to point out the reason just for the audience of why we're giving them a discount. It's because it's a large amount of people coming in at once; it's a group. I know we received some heat from it, but the bottom line is we did get a decent amount of money and it helped the operation. Are there some loop holes in our membership/guest structure? Absolutely. The one thing that I'd like to continue and get my arms around is how to continue to make everyone feel welcome and want to be here. If we look at all the financials, if I had 130 more memberships that paid $4,000 or $5,000 then we're there. The allocation from the non-operating revenue assessment recreation money, which comes over to the club, in theory, we wouldn't need as much money. Granted, you're always going to have capital wish lists and stuff like that, but the idea is to continue to get them to play. They spent $60,000 with us, which is the most money of any other club, but the other clubs spend $20,000 here or $25,000 there, I would love to have them all join Sun 'n Lake. The thing is I really want to continue that relationship and try to build it, but I don't know if we can get them all to join though I'd like to think that maybe they will. It took a long time to build this relationship with them and, as everyone knows, and I always use restaurants as my example and I've probably said it 10 times in meetings, that it just takes 1 bad experience at a restaurant and you're gone; it takes a hard time to get those people back. Supervisor Guglielmi: Don't we also offer that rate to other people that want to play at that particular time? Mr. Wonderling: We do. On Thursdays, if any of the men's associations or any of the ladies that play that morning on Wednesday, we do offer that rate to them during that time; there is another time Tuesday afternoon where we don't. Supervisor Guglielmi: We need to realize that we need those funds; we need that money. It would be nice if we could get $50 a person, but we can't get that. Mr. Wonderling: I agree, and part of it with the whole adding value to the membership and adding these other added things to it. Maybe getting a discount would take some pressure off.

Supervisor Johnson: How many members do we have from Tanglewood? Do you have an idea because I'd be interested in that number? Mr. Wonderling: I think it's two or three. Supervisor Johnson: Members from Tanglewood? Mr. Wonderling: Yes, that live there. When you look at facts, factually, we have three; I think the most I've ever had is five. The relationship with, and I don't mean in any way to pick on the men's association at all, but the men's association and Tanglewood did bump heads; not every member of the men's association, but there was some head butting. Now, I will give hats off to the men; they've invited them over, they had some kind of interclub thing and had a great time; it's a great way to build friendships. I would love two to turn into four and this and that, but you are 100% right when you make that statement.

Supervisor Guglielmi: When outsiders come here to play, we need to make them feel appreciated and a lot of times that doesn't happen. These people are making it possible for us to play and pay what we pay. If it weren't for them we'd be paying a lot more. The members here need to appreciate anybody that comes in from outside because they're, basically, putting money in our pockets; that's how they need to look at it. Mr. Wonderling: Sure.

Supervisor Johnson: My point is the residents pay an assessment and we have to realize that our first responsibility to the people in this community is our residents that are paying. I don't have any problem in giving Tanglewood residents and groups a discounted rate, but what I have a problem with is, possibly, other people that are not Tanglewood residents getting a lesser rate than our residents who pay a $700 assessment. Mr. Wonderling: Sure, and you make a good point that just brought an idea. I'll talk to our staff at our club, but maybe Tanglewood could have a day; they can all get together and socialize and maybe we can pick a day for residents where they will get the lowest rate, lower than Tanglewood's, hypothetically, and they can come out and play, we block a time and make a sign up; maybe that's another way that we can do a better job as operators.

President Gangemi: I think you're major challenge out here is the attitude of some of the members that when outside play comes in, whether it's a small group or a large group, and if the players aren't up to their speed, they make a call into the pro shop and ask who these people are and why they are taking such a long time. It causes a lot of discontent between the people coming in and then they won't play and they won't come back. You have to get an attitude change from the people that think that their name is on the deed. I've said this before and until that happens all your efforts of trying to get people to come in here is going to be a tough thing for you to do. I'm not picking on any individual groups I'm just saying that, generally, that's what I hear when I hear my limited time. It's an issue. Mr. Wonderling: We manage that. I would say that it's not full proof, but we do manage our members, I think, pretty well in terms of where they're placed. For example, if we have a group that does voice their concern a little bit more, they might get placed with a group that plays a lot faster than the other. I understand what you're saying and I agree, but I also feel a lot of members do a great job at welcoming people to the community, too; the effort that Christi and her team does in welcoming new residents and stuff.

Supervisor Johnson: I have a solution, though, for monitoring it when they come in. Do most of them use cards? Mr. Wonderling: Yes. Supervisor Johnson: Then when they decide that they're going to play with Tanglewood, they do the same thing we do which is prove residency, have a card or something and when they go and get their cart they have their card. There are a lot of solutions to it. Mr. Wonderling: With Tanglewood and your comment about making sure that the residents of Tanglewood are part of that group and it's not an outsider from Tanglewood playing, I am more than confident that the liaisons for their association would be willing and openly giving me a list of who are residents of the community and we can cross reference it. We can work something out with that.

I know I've given a lot of information and talked a bunch. Obviously, we have a lot to discuss. I don't know if maybe I can, kind of, help mediate it.

Supervisor Miller: Why don't we go to questions? I've been listening for the last hour on this. Mr. Wonderling: Okay. Supervisor Miller: I have one point to make on Turtle. Turtle has a particular character about it and most people that I talk to that play Turtle are very concerned that any of the projects on Turtle, including the blue jay transfer and the scrub and so forth, they're very much afraid that it's going to change the character of Turtle, which everybody seems to enjoy very much. I would caution you and I would caution our staff, Greg, that whatever we do there we'd be very careful that we maintain the character of that particular track.

My other comment is, and I have to ask a general question, where is this going to end? Do you know what we're spending for golf this year when you add up all this stuff? $900,000, over and above what revenues we generate. I've heard about new equipment; we just went $440,000 last year and you come back with another $100,000. It goes on and on and on and I don't see anywhere in your presentation that you say we are going to cut back our effort, we're going to be sparked in how we treat our course and how we address situations out there; I see none of that. All I see is more of this, more of that, we're going to squeeze the membership. What you're doing is taking the golf range fees, which is an option, and you're transferring it over all to be included in the membership. You're adding $144 to the membership and that's not an option. Then, you're even talking about a food minimum. We're a public facility we're not a high end private club. Do you want to further penalize the members, the people that pay their dues for another $600 a year on top of the $144? I do not see any real attempt. I'm sorry, Ron, I know you try hard. I see one thing after another; it's got to come to a halt; there's got to be a situation where we are smarter and more aggressive in cutting our costs on this course; we just can't go on with this. I'm sorry, but that's the way I feel about it.

Supervisor Johnson: I tend to have some of the same feelings although I don't yet where I stand on a lot of these items. As Dick said, if it is, and it's close to $900,000, and we have… that's almost 30% or 40% of our assessments; our whole budget; our revenues. We have 266 members that we're trying to please and we have 8,000 residents; we're giving 30% more of our budget to just the golf operation. I agree that we have to do some cost cuttings. I, particularly, haven't been real happy sometimes when I've walked in there and I see the staff actually working for a living. I do think we have to be more assertive as far as getting more bang for our buck with some help; maybe not as much help when I see people just standing around doing nothing; that doesn't impress me either. I tend to agree with what Supervisor Miller said that we are not a private club and we knew that when we came in here. Minimum on food and beverage is something that usually goes with a private club; we are not a private club, we do pay an assessment of which most of the recreation center goes to the golf club. I'm just having a problem with all of these different expenditures; maybe one or two, but to me, when I looked at this I thought, "Wow! What did we do? Go full boat here?" We're shooting for the moon and hoping we hit something, but I don't think the moon's going to be my answer. We have to pick and choose priorities. I tend to agree with some of the things he said and I do think we can't use that much of a percentage of our revenue to go to golf. Mr. Wonderling: Okay. Thank you.

Supervisor Halbig: Ron, I can be your biggest fan and I could also be your biggest critic and I hope today I'm not going to be your biggest critic. Mr. Wonderling: No, this is why we do this and it's very important for us to have a budget that works for not only our operation, but the Board of Supervisors and the residents. We're open to every comment and we don't take this personally by any means. I welcome your comments. Supervisor Halbig: To start with, the first line item in the golf fund, we talked about this $460,000 transfer that was reduced last year when the District paid for the new golf equipment. It was supposed to be paid off over a certain length of time, but this new budget doesn't reflect that at all. You paid for it one year, does that mean you're not going to pay for it and the general fund is going to pick that up? I picked up on that and that account number doesn't even show up in your PNL anymore; it shows up in the new budget, but it shows it without the zeros. Mr. Wonderling: I'll speak to that real quick. That was my mistake and Tanya caught it. The budget I looked at when I was doing the thing is I had the first budget draft where it was $460,000 and that's why I said in this we're asking for the same amount of assessment money; I did not take into account… Supervisor Halbig: What are we going to do about that? Mr. Wonderling: We can add it back in. Supervisor Halbig: Are we going to continue to do the payoff? Are we going to just forget about it? Mr. Wonderling: It wasn't intentional. Supervisor Halbig: Okay. Now, let's get into some of this other stuff. We're going to add an additional $50,000 for cart paths and that's to try and fix everything when we're doing whatever we do if we do it. I brought this up a long time ago, if we're going to redo those greens on Turtle, no harm no file, why can't we just defer the payment one year on the payback for the… I know everybody's got their line in the sand about doing it. I'm not saying to forget it I'm saying to defer it for one year. That's $186,000 and that would pay for the greens and that would pay for the other $50,000 for the cart paths; it's only deferring that payment one year; think about that. As far as this $40,000 for moving that tee box; I want to tell you something. We've got a heck of a lot more that we need to be working on out there rather than moving the tee box. I've got a list and I don't know if David's got a list, and I'm glad to see David here today because normally you can't see him; I've had this conversation with you and I've had a lot of people ask where David Bell is. We've got people on special assignment in Okeechobee when we're paying his salary and that don't need to happen. Now we've got a superintendent for Turtle, we've got a superintendent for Deer and we've got David Bell. What's going on? We've got a bunch of chiefs and not very many Indians. Obviously, when you go out there and see what they're doing they're misdirected. The other day they were weed eating around the perimeter going into #5 and then you've got places… I've got a list; I don't know if you've got a list, but I've got a list. There are areas on that golf course that need to be fixed. You start on it and it just don't get done. Even if you fix one fairway edge, do that one, do the worst one and after that's done do the next one and the next one; make you a list to fix the big problems first. I don't want to be critical, but I've seen it and its year after year after year; we're talking about the same beat up areas that never get fixed. We talk about new greens and we talk about all this other stuff. Mr. Wonderling: We have restructured the maintenance and we have two superintendents for each golf course. It's a title, it's not saying that they're making all of this money by all means; it's a title. The recent person we just brought on, because we did have a vacancy, is… As you're moving up in your career and in any business you want that title for your resume. We're calling them a superintendent, but we're not using any more money in terms of that. Supervisor Halbig: Wait a minute. While you're on that particular subject, golf maintenance expenses, wages and benefits went up $42,000. Mr. Wonderling: I understand what you're saying there, but that's filling a lot of vacant positions, but we can get into that. In regards to David's time, David has helped us on another assignment on his day off. He's never been gone for a week at a time or two days at a time. I oversee that property and I can count on my hand since February how many times he's been there. Perception or whatever has been said… Supervisor Halbig: I hear people ask where David Bell is. He used to be out there a lot; David used to be out there a lot. I talked to you about it and I said he needs to go out there talking to people and asking them if they have any problems. Mr. Wonderling: It's noted. Supervisor Halbig: As far as that $40,000 for moving the tee box, I don't know how many of those lots would be good lots if we just said half a dozen of them we don't have to move it because it looks to me like there's room until you get down there. Mr. Wright: Let me show you on the map and I think it will be very clear. Supervisor Halbig: Okay. You're doing a great thing by including the driving range, handicap fees into the membership; that's going to enhance it, but then you're going to turn around and shoot yourself in the foot with this food thing because the seasonal membership is not going to buy it. Supervisor Miller: We'd have to talk about the $144. Supervisor Halbig: Well, the $144 would be well received if you include these add-ons. They're getting more value; they're going to pay $144 more, but they're getting some value that they didn't have before. Supervisor Miller: I agree with that, but you certainly would agree that we've taken all of those things out of options whether or not to join. In other words, I'm a golf member but I'm not a member of the driving range. Supervisor Halbig: But if you're a golf member now you will be. Supervisor Miller: That's my problem; I'm paying another $144. Supervisor Halbig: We're talking about more equipment and that's why I asked the question a while ago if a greens rider can be used as a tee rider. Can it not be? We bought nine more units for those three brand new riders he bought last year. Is this $35,000 for tee mower just something that you'd like to have because you don't have to change the mower deck out or something? Mr. Bell: Out of the old, between greens mowers and tee mowers, we have 8 units to mow greens and tees with. This last year we bought three greens mowers to mow greens on Turtle and five walking units; the walking units and a riding unit are two separate units. Supervisor Halbig: I understand that. Mr. Bell: We're still mowing the tee boxes with our old tee mowers and I'm proposing to purchase one new tee unit to replace one of the four old tee mowers that we have. Supervisor Halbig: Okay. Mr. Bell: They can be interchanged and that's one of the things I want to do; I'd like to keep the same units so we can interchange because of hours; we put more hours on tee mowers than we put on our greens mowers and being able to have the same units we can actually swap out the tractor and then change out the cutting units to keep our hours down. The whole plan, the long term plan is we're going to go from having eight overall units to mow tees and greens down to six; we're actually lowering our units down by two. Supervisor Halbig: Okay. The range cover; that would be good, but let me ask you a question. We make $36,000 in revenue on that range and that's ridiculous. We've got to be making more money than that. I think it's out of control. Do you know what it costs to maintain that range? Mr. Wonderling: We do. Supervisor Halbig: I'd like to see that number. That place is out of control. The high school kids are supposed… only the coaches are supposed to have the key, but five or six of them have got a key. If it's out of control, the privilege ought to be taken away. They beat the heck out of that range and we don't get anything out of it; we don't even get the tournament. I don't think what we're getting out of that; something is happening with the revenue; $36,000. I know a guy that makes hundreds of thousands of dollars back home and his range is not even bigger than ours and he can only operate about six months out of the year. I don't understand it. Mr. Wonderling: The ranges up north cannot be compared. The reason is daylight is way different during the times of year. When we're the busiest we have the shortest daylight and the same thing with maintenance. You look at our highest maintenance cost and they're in the summer when we get the least amount of revenue because that's when the grass is growing, that's when there are cultural practices and diseases that happen on the grass. In terms of the range, we can look at that further. We do sell keys to people and it's not unlimited; they can buy a $45 range key for $40 and so forth; they can get $120 worth of range. Supervisor Halbig: There are guys going over there with shag bags; you shouldn't allow a shag bag over there, period. That's revenue and we should be making revenue there. You shouldn't allow somebody to go over there with a bucket of balls and hit them; that just shouldn't be allowed and shag bags shouldn't be allowed over there. It's out of control; there is just no control over there. Mr. Wonderling: Well, we don't have a designated person monitoring that range. If someone is grabbing a bucket and walking out, picking up… Supervisor Halbig: Put a sign up; no shag bags. Put a sign up; no gleaming of golf balls. Maybe they'll still do it, but maybe they won't. If they see a sign, then they shouldn't be.

The new membership, I think it's a good idea, but there's some… Junior, executive, single is $500; if they play twice a week, he's paying for $5 and it includes a cart; give me a break. He ought to have a surcharge. Mr. Wonderling: My thought on the surcharge would be a $5 fee. You have to understand, too, and my fault for not putting it in but I wanted to get this topic up there before we went into the details of the program. For example, I would propose a three day advance tee time. Perishable times, tee times are perishable, so three days before he'd like to play he can reserve a tee time. Are we going to sell that within three days? It is possible; maybe season we can adjust it. The idea behind it was there is no program in this town and if they're in this town between 18 and 25 we have to keep it somewhat reasonable; maybe $500 or higher and I'm very open to that. I'm glad to hear that we're open to the different categories. Obviously, the reason we do this is to fine tune, not only the budget, but programming. I can come back with another thought on that. Supervisor Halbig: An executive family membership that includes the use of a cart, and the borrowed club cart trail fee; all of these new categories include a cart; $750 is also for a member that doesn't have a cart; they pay $750 rather than pay a trail fee. Mr. Wonderling: That is a loop hole that I did not catch and, obviously, will be corrected. You are correct on that and that's the reason why we do this. If the cart takes a dump you use the company cart even though I don't think I would, but some people might because your cart is usually set up for yourself rather than somebody else. Mr. Wonderling: Correct. Supervisor Halbig: Youth membership, $250, there, again, is out of control. There are kids that play out there and their parents think that because they can play that they can play along with them. I talked to a guy out there and he said, "My son has a youth membership so he can play golf and when he plays I can play with him." I don't think that's the way it works and when I walked into the pro shop to ask someone they said they didn't know. Mr. Wonderling: These are all good comments.

Supervisor Halbig: Some of these categories, the wages of $35,000 and wages and benefits up $35, golf expenses are up $42,000, and, of course, maintenance… The guys that you bring every year and, of course, when they're here we pay it for them… Mr. Wonderling: Correct, and the reason we did the seasonal employee is because, as you recall, before we had year round employees we felt there would be some savings. Mainly, it was to provide better service in season instead of having more of a professional person for the season; that's why we did the seasonal employee. I will say that it does work. We had the least amount of complaints in terms of on course rangering. We had instead of, and not to pick on anyone, but an older person who's rangering compared to someone that's in the business I feel we got a little more out of it.

Supervisor Halbig: If you need them you need them, but I don't think it's our responsibility to pick up somebody that's going to be laid off. If you need them you need them, but I know Ben was here last year and he was pretty much in the pro shop working a lot. There was a big guy who spent most of his time on his golf game; he hit ball after ball after ball. Mr. Wonderling: In perception, no one is being paid to play golf or hit golf balls; that's just not even in the equation in our company. They were not on a salary; they worked just like everybody else.

Supervisor Miller: Ron, one thing I've never seen a listing of your personnel by category. We have that for our District staff. I would like to see just how many people we have. Mr. Wonderling: Sure. I can definitely do that. Supervisor Miller: Whether they're out in the greens or in the shop; whether it's seasonal or part time. I remember when you guys came on board you talked about an economy of scale and you expressed that in terms of cost per green and I haven't seen anything since that time. I haven't seen any comparison of our staff levels as, say, Country Club of Sebring or other places. I don't know where we are in all of this. Mr. Wonderling: I can get you that; no problem at all.

Supervisor Halbig: I have one last statement. I'll support some of these big expenditures. If we just look at rather than paying off this assessment this year and then adding that in there it's no harm no foul; just delay it one year. Supervisor Miller: But that's not going to change the culture, David. I may agree with you on that, but I don't see any cunning, supporting… Supervisor Halbig: This is his first shot at it. Supervisor Miller: This year. It goes on and on. Supervisor Halbig: I guess I'm done for a while. I told you not to be mad at me. Mr. Wonderling: No, no. Supervisor Halbig: We talked about this before and I don't know if you've had a chance to sit down with anybody else, but we didn't get a chance to sit there. Mr. Wonderling: It's okay. Obviously, there are topics and we'll call them hot topics. I knew I was going to get a wide variety of comments and this is all good. Nothing personal, this is business by all means and that's how we treat it. I have all of your notes. The notes you mentioned in terms of the golf course, I know you didn't mention those, but I'd like to, at least, get a copy of that or you can list them now so we have them and I can follow up. President Gangemi: Ron, would it be better if all of the supervisors gave you copies of their notes that we've written down? Then you could go back and look at them. Mr. Wonderling: Yes, of course. President Gangemi: Can we do that legally? It's better than going through each individual item. I'm sure there are notes on all of the pages. I have notes and I'm sure everybody else does, too. That way you can take them back with you and compare them and try to remove some of the redundancies that we're going through. These are all good comments and are all good concerns of people up here plus the people out there and the people that are our members in general. Mr. Wonderling: Sure.

Supervisor Halbig: The new greens on Turtle, on the slopes, I noticed there are some bad spots; there are some bare spots on the slopes. I know the greens on Deer Run where we got the new greens, on some of the slopes… I guess the worst one is, probably, #7; that green is bad where you've got the fast run offs. I don't know if it's because it's not holding moisture or what, but the greens on Turtle are more undulated than Deer. If we do new greens are we going to have the same problem on a wider scale? Mr. Wonderling: I can either have David talk to it now or to save time I can follow up with a memo from this meeting and we can touch on that.

Supervisor Guglielmi: Compared to what we used to have I think the employees have utilized a lot better than before. As far as these initiatives that you're trying to start, if you want new members you have to cater to the younger people. If we keep ignoring the younger people you're not going to get new members. On some of these things that Ron has proposed, yes, we probably won't get our monies out of it now, but hopefully in the future. As far as the range and handicap, that's $260, I think, for the family range and handicap; $35 each, probably a little more than that.

Personally, if you raise the fees $144, I have no problem with that at all; you could probably raise it even more; you can raise it to whatever the value of the range and the handicap is. I think it's a good idea to give them the pool membership and access to the fitness center; that's an excellent idea; you're giving people value. The cost of these things for these memberships, the only thing that I would say is if you give people the use of a cart they should pay, at least, a trail fee. If they use a cart, yes, I understand what you're doing, but charge them, at least, what we pay for a trail fee. The minimums, I don't understand why everybody keeps saying we're not a private club; that has nothing, whatsoever, to do with it. All he's trying to do is get a forecast on what's something that he can count on; $50 a month is nothing; everyone that's sitting in here, probably, spends a lot more than that in the restaurant ; it's food and beverage, is it not, Ron? Mr. Wonderling: Correct. Supervisor Guglielmi: I don't think it's a problem at all spending the $50 or whatever you decide to do; I think it's a thing that he's trying to forecast something that he knows for sure that he's going to get to make the restaurant a little more efficient. As far as the greens, I think they need to be redone whether we do them this year or not, I guess, we need to argue about it, but I think they should be done. If you want more play, if you want to compete, you can't start skimping. You've got to keep up with the competition. We can sit here and argue all day long, but certain things need to be done. If it costs more then increase the fees of the members because, as far as I'm concerned, we're still getting a heck of a bargain. Mr. Wonderling: Not to interrupt, but I jumped to conclusions; it was food only, not food and beverage. I was incorrect when I stated that. Supervisor Guglielmi: If you and your wife go for dinner one time, it pretty well pays for it; it's for a month; 30 days; $50. As far as the equipment on the golf course, I would never deny you any equipment. We've stretched our equipment compared to what we used to do. When you people came on board you bought some of the stuff we were scrapping. Now, we stretched the stuff two or three years beyond its useful life. They're asking to replace equipment and I think we need to give it to them. If you want the golf courses to be in good shape and top notch then you have to spend the money to maintain them.

President Gangemi: I really agree with Supervisor Miller. I looked at the amount of money, the $460, the cart paths, the cooler and the equipment. You're up to $845,000 plus. In the same token you're looking to give the pool and fitness center to 70 people; that's taking money out of the general fund for us; the residents are really coughing this up. The free golf driving range; some people use it and some people don't. I just have some questions about what executive is, what times are they going to be able to play; all day, any day, after two? If you're allowing them to take a golf cart, the community golf carts, there has to be some fee in there. You just can't let them take it for nothing, I believe. You're looking at increasing operating expenses and arising health insurance cost, you didn't mention how many people are insured. We just went through a major resolution on health care costs for our employees, and I don't think you have 43 employees; I don't know how many you have because it's not stated. Mr. Wonderling: I'll supply a list. President Gangemi: Okay. Renovating the Turtle greens is $150; I'll tell you right now that I'm not in favor of that and we've talked to that before. Relocation on the #1 Hole, I think it's a point in time those 9 or 11 lots over there, the golf course lots, are going to be worth some money. Outdoor kitchen, I have no problem with that. The thing that I look at also is… in reality, what you're doing is you're raising the rates of the family membership $144. Looking at your proposed rates, the rates shown are without the sales tax so those rates are a little low. I think next time you come back we ought to have the 7% tax put in there or whatever the state tax is. Mr. Wonderling: Okay. President Gangemi: That being the case, if you look at just the trail fee that the regular membership has to pay, it's $1,246. Then, if you take the food and beverage, which is really mostly for a private club, you're going to add another $450. If you're looking at a full family membership, you're looking at $4,800; it's not stated in there, but these numbers are a little bit low. That's a major concern. Also, borrowing club carts, executive family memberships, I don't know how you're going to control it. To duck tail what the remaining of the issues on the driving range, that is out of control. You see people there all of the time, they drive up, I don't know where they come from and I don't think they're members. They go out and hit a few balls and they leave the balls over on the side. We have no control over that whatsoever. If you're going to have the driving range then, probably, just have the tokens and get away with the magnetic keys. One of the things that I look at is the beverage cart. On Page 2 of your golf fund, you have an item about 1/3 of the way down, other beverages cart, you have it as revenues, but I think I've answered this before, break out how much the expenses are to the golf cart. Mr. Wonderling: Okay. President Gangemi: In my opinion, it should be a concession; there should be an outside bid on that for people to have an opportunity to bid on that. Mr. Wonderling: They're employees of the club and all revenue comes to the club. It's not an outsource thing. I can tell you exactly what the operating income and loss is or expenses associated with it. President Gangemi: Okay. I think at one time you mentioned that it was just a nice thing to give the members of the club. This past Sunday, that golf cart went around once and at 12:30 it was gone. There was no water on Turtle and people were calling up asking for water to be brought out. It's a very hot day and there were a lot of young people out there. These are just the comments that I've got. Part of the overall numbers, the $71,000 that we pay every year, I didn't see that in there; it's in your budget as an expense, but you total that up it gets to what Mr. Miller said, somewhere around $1 million. Supervisor Miller: $900,000. President Gangemi: Okay. New equipment, we bought you some new equipment last year. I think we're going to have to make do with that. The District is helping you out with late maintenance; I see a reduction on that. Then we get into Page 8 where we've got credit card fees; you've got that as revenue; shouldn't that be an expense because your credit card fees, you're looking at $42,381 next year? Explain to me, how does that become revenue? Mr. Wonderling: That isn't; that's actually an expense on that. President Gangemi: Okay. Mr. Wonderling: I understand what you're saying. Under account number it says revenues where it actually should say expense. President Gangemi: I think you've got a lot of scrubbing to do on this; I really do. The issue with the credit card fees is what is happening is that by charging the fees that we get charged you are having all the members subsidize you as well as the residents of the community. I know we talked about having a discount rate if you pay cash, but we have to be very careful with that. I just think that credit card fee… If you gave everybody, I think, four rounds of free they would, probably, pay with a check. Mr. Wonderling: Please note with the credit card fees we're projecting to spend $41,081 in credit card fees this year; that is not necessarily pinned to the members; that is the whole entire operation. Everyone who patronizes the restaurant, every guest that comes in and pays by credit card, there's a fee that's associated. President Gangemi: How many members are paying with a credit card? Mr. Wonderling: I will get you that number. President Gangemi: Okay. I bet it's a lot more than what we're getting from outside play. Mr. Wonderling: I will get that information to you. President Gangemi: Okay. Other than that, I think if we highlight everything that we looked at and we have questions about and give you copies of it to give you some time and in the meantime if you feel that you have to contact some of the board members you can do that or Mr. Wright.

Supervisor Johnson: I wanted to ask about the $2,500 to the MGA. They want another $2,500 you said for $5,000? Mr. Wonderling: Correct. Supervisor Johnson: Does that mean the WGA goes away? Mr. Wonderling: The WGA would still get their $2,500; the MGA is the only association that came to me and asked for more money. Supervisor Johnson: I don't understand that because I know what our member/guest does and we bring a lot of money into the club, too. I have a problem with $5,000 for that tournament.

Supervisor Miller: I have a couple of more questions. Ron, on Page 8, on non-operating expenses, you've got a line item that says extraordinary expenses $50,000. What is that? Mr. Wonderling: That's the capital money. With this proposed budget, obviously, it's going to change. That was the amount we had to put toward capital. For example, that large wish list of all those items, we only had $50,000 that we can put toward that. Supervisor Miller: That's not clear at all. Are you talking about cart paths? Mr. Wonderling: No, that's just the amount that would be used toward capital purchases or projects. That's the money we have to put toward the capital that was proposed. We set the greens, we set the cooler and etc.; that's all we have allocated for. Anything above that, for instance, if the board wanted to spend $100,000 next year on capital, hypothetically, this budget only accounts for $50,000; the other $50,000 would have to come from another fund if it was that case. Supervisor Miller: Frank and Dave have got me, kind of, convinced about the increase in the membership fee, but I want you to read Dick Diotte's memo regarding the passes. As long as you're packaging everything I think you need to give serious consideration to his proposal for season passes; guest passes. Mr. Wonderling: I'm going to have to get a copy of what you have. Supervisor Miller: I'll give this to you. Mr. Wonderling: That'd be great. Supervisor Miller: Some of your numbers don't add up, by the way. You've got, forecasting a higher revenue for the restaurant then increasing revenue for the restaurant then expenses, but yet you made the statement that it's still flat. I would think if you do the numbers we move into the black into the restaurant a little bit. Mr. Wonderling: Sure. The only reason I'm saying that is I'm being somewhat conservative just because the restaurant is a hot topic. We had a lot of events that were $10,000 or $15,000 weddings that were booked and most people book weddings a year in advance. We do not have as many weddings booked for, I'll say, October, November… Supervisor Miller: But you're going to raise prices in October, right? Have you factored that in as far as your forecast? Mr. Wonderling: That's why it's close to the number. I hope that I can do a lot more. It's a conservative number. The reason it's conservative is I don't want to report that we're losing money in the restaurant. Supervisor Miller: I hope not. I heard that you guys are doing great and I'd like to see it keep climbing. Mr. Wonderling: You are 100% on that.

Supervisor Halbig: Do the numbers you have in this budget reflect your increased food cost? Mr. Wonderling: Yes. Supervisor Halbig: It does? Mr. Wonderling: It does.

Supervisor Guglielmi: I've got one thing about the driving range. We see a lot of people hitting balls. We have specials where we give them a bucket of balls with a green fee most of the time, right? Mr. Wonderling: We do run specials. I know we've done specials through the newsletter for the community for a free bucket of balls. I will say to the range, from an amenity standpoint, if we're giving something away for free, for example, as a added value to getting people in, the area of the business that I would say, probably, suffers the most would be the range. Supervisor Guglielmi: A lot of the people you see hitting balls that are nonmembers, that's the case; they pay their green fee, they get a bucket of balls for free; it's an attraction trying to get the people in here. In the overall picture it doesn't really cost us that much except the driving range gets a lot of play and it doesn't look like the numbers will add up and that's, probably, part of it. Mr. Wonderling: We'll definitely look at the range and how it's operated. I think the big picture, one, is how we can increase the revenue on the range and two, how we can control it better than we are perceived of having with the different things that go on at the range at certain times.

President Gangemi: Do you want to entertain breaking for lunch or do you want to keep going through this? Mr. Wright: Oh, let's eat. Let's eat, please.

Mr. Wonderling: Can I ask one quick question? President Gangemi: Go ahead. Mr. Wonderling: I know from an assessment standpoint we're proposing $460,000 and then we had the carts and the maintenance equipment. Just to help me go back and trim this stuff, from an assessment standpoint, what are you looking at? Supervisor Halbig: Like I said, I had a problem with it being on a five year; if you can stretch that to a seven year program it would help some.

Wouldn't it? I don't know how much. Mr. Wonderling: Sure. Supervisor Guglielmi: The trouble with that, though, the useful life of the equipment is, generally, five years. We have to give our staff credit for stretching that equipment for as long as they did. We, basically, ran out of equipment for two years for $20,000; that's what we paid for it, wasn't it, Dave? That was already it's useful life. Supervisor Halbig: With this new budget it didn't reflect even the second year paying off any of it; it was just for giving and I don't think that's right. President Gangemi: I don't think that's right and I think we can stretch that for seven years like we stretched the other equipment another two years. Mr. Wonderling: That was a mistake on my part that Tanya… with the $460,000. I forgot about the second amendment to the budget where we reduced the $460,000 to $364,000 in the equipment and that's why it was moved. Supervisor Johnson: If we were able to do it last year at $365,000 and we're increasing memberships, possibly, and some other things, it seems like that's a good number to start with. Mr. Wonderling: Okay. I appreciate that. President Gangemi: We're saying to start at $365,000 and head south. Mr. Wonderling: That's great direction. Supervisor Halbig: Let me get a feel to the rest of the board about deferring this payment to pay some of these big numbers? Supervisor Johnson: You've been wanting to forgive the whole thing. Supervisor Halbig: I said forgive it, but defer it; just defer it for one year. Supervisor Johnson: That's possible. Supervisor Halbig: If it makes sense it makes sense, but if it don't then it don't. Supervisor Miller: What would that do to our outlay? What will that mean to us? Supervisor Halbig: It would allow us to pay for the greens and it would allow us to pay for the cart paths. Supervisor Johnson: Of the $97 only $35 goes to the golf club. Supervisor Miller: Dave, I can look at this amended and then it's coming right off the budget. We're reducing what we have to layout. This is not my strongest suit, but what I'm asking is I added up $900,000, one way or the other it's going to golf over and above, out of our general fund. Mr. Wright: I would include the $40,000 for the fairways and that's subject to further discussion because that's not a golf related item. Supervisor Halbig: (Inaudible) President Gangemi: That's what we have to decide; if we all agree or three of us agree that the items are necessary. For instance, the new greens, the mower, the cart paths and things like that. We haven't agreed to that yet. Supervisor Johnson: My only concern is how we would track it. Different changes in Board, different changes in management. Somehow, if we defer that, we have to make sure that it gets added on the eleventh year.

Mr. Wonderling: Thank you for your time today. I appreciate everyone's comments. Like I said, we're very open-minded and we will go back and scrub. I'm sure I'll be talking to you individually about some of the finer details for the other membership categories. The one thing with the membership categories, we just want to make sure it's sellable. If it's not sellable, even if I say I can get 20, but if I can't sell it then it's just a fictional number. Supervisor Halbig: (Inaudible) Mr. Wonderling: We'll look at it. Thank you and I'll follow up with you later and we'll take every comment and I'll get everyone's notes and we'll go from there. President Gangemi: I think that's a good way of doing it. Mr. Wonderling: I appreciate it.

Break for lunch – 1:11 p.m.

The meeting was reconvened by President Gangemi at 2:23 p.m.

Supervisor Halbig: John, last year, I think, you didn't stick around for the budget. Did you? Mr. McClure: I did not. Supervisor Halbig: Is it necessary that you do? Mr. McClure: I was asked to stick around. Mr. Wright: I think we could, probably, do it without him. Supervisor Halbig: I don't want to run him off if it's not necessary; if it's necessary then stay, but I'm sure there are other things he'd like to be doing, too. Mr. Wright: That's fine. Supervisor Guglielmi: I don't think there's going to be any legal stuff coming up; we're just looking at numbers. President Gangemi: If you'd like to excuse yourself you can.

B. Overview of Utility Fund

Mr. Wright: Let me give you, kind of, an overview and tell you what the major points are on the utility fund budget. It's slightly down from the current year, but it also includes some carry forward projects, which I'll get into in just a second. On Page 2, you have your revenues and if you'll look at the bottom where it says Prior Year Reserve of $850,000 that's $550,000 of impact fees for the water tank. We're also proposing to take $300,000 out of the URRIF fund and use for infrastructure repairs. Ms. Cannady: We have $2,029,000 as of last month. That'll be about $2,050,000 at the end of this month so that's close to $2.1 million. Mr. Wright: And you're growing at the rate of $25,000 a month. The URRIF fund is almost equal to your total revenues of water and sewer. You have almost, counting the URRIF fund, approximately, $4 million in reserves. It is an extremely healthy budget. One of the things that we have suggested is to take a look at our rate structure between now and adoption time in September with the thought of either restructuring the rates or reducing them. When I say restructure, we're looking at reducing some of the cost to the low consumers of people who use a small amount of water. We've got some pretty high base rates; thirty something bucks.

Supervisor Miller: Mike, I've got revenues down at your projections of minus 5% and I've got expenditures up at 5.4%; that's a $400,000 swing. Mr. Wright: Let me talk about that when we get into that and then you're going to see where a big chunk of the money is headed. I think it'll become clear at that point.

I still think you're looking at a very, very… If you were to sell this, the utilities fund, you could make some money. I'm not advocating that I'm just saying that it's a healthy fund and it's doing well and we're putting money into to it to keep it in good shape. I think that's very important to recognize.

Also, I talked about the issue which Rex Bond brought up about a terracotta pipe; we don't have any terracotta pipe. We have some transite lines, but not terracotta.

Supervisor Johnson: Today we just authorized to take $100,000 out of the URRIF fund. Mr. Wright: You'll be putting back almost $100,000 between now and the year end. You're still low in excessive $2 million in that fund. Supervisor Miller: Well, I've got $1,875,000 minus the $100,000 so we've got a ways to go to get to the $2 million. Do you think we'll make the $2 million? Mr. Wright: Yes, we're $2,029,000 right now. Supervisor Miller: Okay. It's all healthy. We've got $5 million. It's interesting because the general fund is fairly flat as far as adding to reserves, but we're adding monies to the utility sector at a pop of better than $500,000 a year. Mr. Wright: Yes, sir, we've had some healthy years. Supervisor Miller: Yes, and we want to keep it that way. Mr. Wright: I understand, but you reach a certain point where you need to look at the consumer as well and ask if they're paying too much. Supervisor Miller: Well, no question about that. We'll get to that.

Supervisor Guglielmi: I guess the only thing I'm concerned about is we're dealing with a system here that's over 40 years old and we don't know what we have down there under the ground. Mr. Wright: We've got a pretty good idea. Supervisor Guglielmi: Okay, because we could end up with a major expense if something breaks. Our water and sewage fees are rather low compared to everybody else. Mr. Wright: They are some of the lowest in the county and the reason is we have no debt. It's a very healthy fund and I don't disagree with that at all. Supervisor Halbig: Let me ask you one question, you were talking about transite versus terracotta, transite tends to be brittle and break unless it's reinforced somehow. Mr. Griffin: (Inaudible) Supervisor Halbig: Okay. I'm familiar with transite, but I'm not familiar with how it's made. Mr. Wright:

Terracotta won't take the pressure. Supervisor Guglielmi: I'm just wondering because we're hooked up to the hospital and we're the only water source for them. Would it be wise to put a filtrate system in? Mr. Wright: I advocated that a year ago and it's still in the capital budget. Think about this, the water tank is to add capacity and reserves to the existing customers. The interconnect to Avon Park is your insurance policy for catastrophic failure. With that water tank we'll have somewhere between 12 and 18 hours of normal use water, but keep in mind all of our wells go to a central manifold there at the public works area and then it's treated and re-pumped out everywhere. If you lose that one spot, which is not much bigger than that office right there, you could be down for days. Supervisor Miller: What are you saying? Mr. Wright: Let me get to the capital. I'm saying that the tank is in there. In fact, we could probably design on it this year and have construction next year. There's, probably, several months worth of design to get that in place.

Why don't I go through the main points and Greg is going to help me with some of this.

Supervisor Guglielmi: Excuse me, Mike, we have a large capacity to hold water, but that doesn't resolve in case something breaks between us and the hospital. Mr. Wright: No, I'd have to look at the system, but I think we feed from two different directions in that area; probably three. Supervisor Guglielmi: I'm concerned because you're dealing with a situation here where it could be a disaster. Mr. Wright: Right. Supervisor Guglielmi: You're dealing with a hospital. What do we need to do to put an auxiliary system in there to make sure that we, at least, have some supply of water? Mr. Wright: Well, that's what the interconnect with Avon Park is for. Supervisor Guglielmi: Our system is better than theirs; I'm concerned. Mr. Wright: The only time you would use it would be if you had a catastrophic failure. Think of it as an insurance policy not as a supply issue. Most governments interconnect with other governments for emergencies like that. Supervisor Guglielmi: How much would it cost us to hook up to Avon Park? Mr. Wright: Avon Park connection, I think, was estimated $125,000. Supervisor Guglielmi: Oh, we couldn't match that. Mr. Wright: A deep well is, probably, going to cost you a quarter of a million. Supervisor Johnson: I thought there was something about it reversed and we were okay. Mr. Griffin: It's looped. Supervisor Johnson: It's looped, exactly, and that makes us okay because we can turn off one valve and go the other way. Mr. Griffin: (Inaudible) Supervisor Johnson: My problem with Avon Park is they weren't assuming any costs and I still think if we're going to interconnect with anybody they have to assume some of the cost because they're getting some benefit from it. President Gangemi: We're going to be tying in at the town line; that's how we're going to be tying in. Mr. Wright: That's how you do it. President Gangemi: If we needed it, it was there, if they needed it then, I guess, as far as some sort of mutual fund between towns. Mr. Wright: We just haven't worked out the details. We've talked about the concept, but we haven't worked out the details. President Gangemi: Okay. Mr. Wright: They weren't looking forward as much as we were and, to be honest with you, the reason I was looking at it was the hospital. I wouldn't be as excited about interconnecting if it wasn't for the hospital; you've got a zero tolerance for failure there. President Gangemi: Right. You would have the tank at that point with half a million gallons. Supervisor Johnson: That question was raised at the time and we must have resolved it because that thing was put aside unless we go back to the minutes and see what we discussed, but I know we discussed this before and it was a consensus of the Board or the vote of the Board not to do it. Mr. Wright: That's correct. You put it off. Supervisor Johnson: There must have been a discussion then that was different than it is now. Supervisor Miller: You've got the connection in there, but you put that in fiscal year 2015. Why wouldn't you put that in 2014? Mr. Wright: It can go either way. Quite honestly, based on our last discussion, I didn't think you were interested in doing business with Avon Park. Supervisor Miller: Well, that was a big part of it. The other part of it was everybody says 35 years and we've never had that kind of a problem. Mr. Wright: It's a very remote possibility, but you carry insurance on your house for fire and there's, probably, none of you that ever had a house fire. It's an insurance policy is what it is. Supervisor Miller: Well, then, why don't we move it up to 2014? Mr. Wright: We can do that.

In customer service, the main expenditure, if you'll look at the bottom, is a continuation of our meter replacement program of $150,000. We discussed this being a multi-year replacement program and, I think, we set aside $100,000 last year. Supervisor Johnson: Why is the depreciation gone? It's $570,000 last year; it's zero the rest of the way. Ms. Cannady: We don't budget depreciation. The number that's given there is actual. We don't budget for that; it's not a cash out flow. Supervisor Johnson: You don't budget for it? Ms. Cannady: Correct. Supervisor Johnson: Okay. President Gangemi: I think we talked about the replacement of the meters, we were looking at retrieving some of the money expended through, maybe, replacing some… we might catch some faulty meters. Mr. Wright: Yes, sir. Meters slow down when they get old. Generally, you try to replace them, at least, about a ten year cycle. President Gangemi: These have been in about 30 years? Mr. Wright: No. President Gangemi: It depends on where they are. Mr. Griffin: (Inaudible) Mr. Wright: These are radio read meters. We're looking at a similar type technology where you don't have to go and read each individual meter each month.

Supervisor Halbig: Mike, let me ask you a question while you're on Page 4. Thank God I wasn't here when you all went through this about the health insurance thing, but that seems to be a high number. We were paying the higher premiums. We paid $42,000 in 8 months. Mr. Wright: I'd have to go back and get you that information. It may have to do with the type of coverages. Let me get that; that was actually calculated on a specific basis by Ms. Martinez and I'll get you that information; I'd have to pull it.

Supervisor Miller: Where are we getting $20,000 in interest revenue? Mr. Wright: Well, $4 million. Supervisor Miller: That's just off of the bank account? Mr. Wright: That's about a half percent.

Supervisor Miller: Miscellaneous service revenue; I ask this every year and I forget it every year; $35,000? Mr. Wright: I've got $3,000 as miscellaneous. To be honest with you, off the top of my head, I don't know, but we will find out and I will send that to you. I apologize. I'd have to see what we charged to that account. Supervisor Miller: We have a 17% increase in customer service; $55,000. Mr. Wright: That has to do with meters and some of the capital. Supervisor Miller: I'm just pointing out that it's a healthy increase. Mr. Wright: We also have our water meters there. The handheld printers are part of your metering system. Ms. Cannady: The difference in that department is, basically, last year we budgeted $100,000 for meters and this year we're going to budget $150,000; $50,000 is a majority part of that increase. Supervisor Miller: Yes, we've gone from $100,000 to $162,000, which is fine because we have enough money to do it. I was just double checking.

Mr. Wright: If you go to the utility fund, this is where you're going to see a couple of things. On Page 4… Supervisor Miller: Mike, excuse me, let me interject one comment. Greg, we have a whole bunch of environmental line items here. It needs to be gathered together under one category with separate line items because… Mr. Wright: We're already doing that; we've already caught that and we're doing that; that's one of the things that I wanted to point out as we're going to consolidate all of the environmental. Supervisor Miller: Somewhere in here is the removal of vegetation from those ponds? Mr. Wright: Yes. Let's talk about a couple of things. Go down about a little past halfway and you'll see R&M, drainage and environmental; $195,000; that's new; that's two projects and we're proposing to use URRIF funds to help fund these. One is for $120,000, approximately; we're talking the area that is north of Maronda Homes, behind

Turner furniture to Ponce de Leon. You've got, kind of, a triangle there where if you've noticed you have all of that water that's oozing out into the edge of Ponce de Leon right before you get to 27. First of all, you've got a lot of exotics in there. What we're talking about doing is going in and cleaning up that entire corridor in there and doing it pretty much in house with some equipment rentals. We're working on the drainage and that also includes the drainage connection across Ponce de Leon where we're going to have to replace the pipe and then relocate the ditch. Basically, cleaning up that whole area from the drainage standpoint and to try and prevent some of the periodic flooding we have up around Turner Furniture. Supervisor Miller: If you remember last year, we had quite a hoo-ha about drainage in Maronda. Mr. Wright: We'll get to that next. Supervisor Miller: The consensus was that the problem was such that we really couldn't do a whole lot about it, but you're talking about the east end now.

Mr. Griffin: On the first project we're talking about the $120,000 which is to alleviate some drainage issues that we have on Frontage Road. The drainage on Frontage Road slopes away from the 27 corridor because we can't dump water into the DOT ditch. It's flooding Turner Furniture's parking lot when it rains heavily and also it's going to be a problem for anyone who develops in the future. Supervisor Miller: Excuse me; is that under the 195 line item? Mr. Griffin: Yes, sir; that's $120,000. Supervisor Miller: Okay. Mr. Griffin: What we're looking to do is put catch basins in, pipe it to the back where we actually have a drainage easement and send it down into what we're going to use as a water storage area so we're going to be doing some modifications to our storm water permits. We also have a failing culvert; there are some failing storm water structures that travel under Ponce de Leon at the intersection of Frontage Road just before 27 and this is where the water departs the District and heads north to fall into Lake Grenada. The failures need attention quickly. The pipe is in bad condition, the catch basins are in poor condition and that general area needs a work over. Mr. Wright: One of the side effects of going in there and doing all of this work is getting rid of all the exotics and we're going to dress up the north entrance coming into the District. Supervisor Miller: Can we put an asterisk next to that statement? "Dress up the north entrance?" Can we really make it an attractive entrance? I don't think the owners of the people in the north side of the road would be particularly upset if we did some nice stuff on both sides of the entrance. Can we do that? We have several residents that really have this as a priority. Mr. Wright: We've done a nice job on the Schumacher entrance, we've done a nice job on the Sun 'n Lake entrance and I think we should do something on this entrance. The first thing I've got to do is get rid of all the exotics, fix the drainage and then we can start doing some of the landscaping. Also, there's a retention pond that we'll be filling in. Supervisor Miller: Filling in? I thought we couldn't touch the retention pond. Mr. Griffin: That particular pond is not a permitted pond and we're going to offset any water collection by piping everything back to where there's a wetland just to the west of that particular area. Supervisor Miller: Now, the project you just described, the Maronda Homes… Mr. Griffin: Has no impact. Supervisor Miller: No impact on that? That's unfortunate.

The next project, approximately $75,000, addresses the drainage issues within Maronda Homes. I've been working with engineer from Polston, Gator Howerton, with regards to designing and looking at a couple different options. The issue with Maronda Homes is it is built over what was at one point a bayhead or a seep area. The base or the floor elevation of the development is below all the surrounding property; it's almost in a bowl of sorts. You have to the west where Ponce de Leon runs the elevation is six foot higher than it is on the east in the Tarrega where it intersects Frontage Road. To the north you have a sand ridge and to the south you have a sand ridge. The only ideal discharge is into the DOT drainage. We're going to look at that as a potential or probability of getting that is slim to none because DOT won't want to take on any additional water. The alternative is we can acquire a few lots and the acquisition of those lots we can open up and create wet retention, in other words, a standing water pond. We're looking at several different methods to get that particular project accomplished. The issue is the floor elevation of that development is lower than all the surrounding property. Basically, the retention pond that would serve that area if water were able to flow or permeate through the sand ridge is a retention pond that has a headwall on it. That head wall does drain or that particular culvert structure drains under 27 on the Frontage Road. At some point in the past, 10 or 15 years, someone came in and put a constrictive headwall at the base of our culverts. We, essentially, have 36 inch elliptical culverts, in other words, they're not round but elliptical in shape. They've taken it down to about 30 inch round culvert so it causes our discharge rate to be compromised by about 20%. We're looking at blowing that headwall out and recreating a more flowable headwall. Supervisor Miller: The lots you talked about, are these delinquent lots or are these… Mr. Wright: These are delinquent lots that are perpendicular to Tarrega, Adrienne and they're back over here; they're, kind of, parallel to the ditch; they're all undeveloped. Supervisor Miller: Are you trying to do that on a quit claim or something? Mr. Wright: I haven't worked out all of the details, but that's the obvious place to do it. President Gangemi: On the north entrance as you come into Sun 'n Lake, that land to the right, that's not our land, is it? Mr. Wright: Where all of the palm trees are? President Gangemi: Yes. Mr. Wright: No, sir. President Gangemi: Okay. Mr. Wright: It belongs to an individual. President Gangemi: Okay. Do we get his permission to do a little clean up on it? Can you have him grant us an easement or something to do that? Mr. Griffin: I would expect we can seek permission to maintain what's there. President Gangemi: Okay. Mr. Wright: Yes, those trees are actually not on our right of way. President Gangemi: Okay. We just want to be on solid ground, so to speak, so that anything we touch we don't get any fines or anything like that. Mr. Wright: Once we get all of the exotics out… if you notice as you go around the bend as you're going out, they're almost in the road.

President Gangemi: Okay. Has Turner Furniture made any complaints about that flooding in their parking lot? Mr. Wright: Yes. President Gangemi: Are they caught up with us? Mr. Wright: They are caught up. Ms. Cannady: Yes. President Gangemi: That's good. Mr. Wright: Next time you go by Turner's you'll notice just to the north of the building it's eroded out; it's, kind of, a retention area. President Gangemi: I saw the water down there in January when it was supposed to be dry. Well, that's good that they decided to pay us out on O&M; good job on that.

Supervisor Miller: Mike, excuse me, one more question. Some of the wetland work that you were proposing along Ponce, does that mean just up near the entrance or does that mean farther down because we've had resident concerns about the character of fallen trees and brush and wetland stuff all the way down? You're going to address that issue then? Mr. Wright: Yes, sir. Supervisor Miller: Okay.

Mr. Wright: You've got your mosquito control spraying in there. You've got some additional money for chemicals and that has to do with the control of the exotics. A lot of this we're looking to do in-house; just buying the materials and doing it in-house.

C. Overview of Capital

Mr. Wright: If you go to Page 5, we'll talk briefly about capital.

Mr. Griffin: Starting with water storage tanks. We discussed that in depth this morning; we're just rolling that forward to next year.

The wastewater treatment plant upgrades are inclusive of budget item component from last year, which was the automated bar screen, but also in light of recent events and the status of our surge tank in some of the surrounding area. We decided this is an ideal time to, if we're going to have an automated bar screen, we'd like to add an additional level of security to our tank by going up one more panel on the surge tank. That would add about 83,000 gallons of capacity to the surge tank. Additionally, we want to replace, again, with this it's time to replace the pumps and the blowers. We'd like to go through and do a refit for that particular plant, which would bring it current. We'd also like to put preliminary controls on it so that in the event we have high water issues, in other words, pump failures where we have redundancies and an auto dialer. It also gives us the ability to measure our inflows so that we're able to see how much infiltration we're seeing from outside sources.

Supervisor Miller: Street lighting? Is that under general fund? Mr. Wright: Yes. In a nutshell, we're taking the southern sewer plant and, basically, making sure it's in good shape. The larger surge tank helps us meter out the water.

Supervisor Miller: Can we talk about revenues? Mr. Wright: Yes, sir, but we've got a couple of more things in capital.

Mr. Griffin: On the equipment line item, we requested more things. The first is a tractor, JX 95 horsepower, for the utility guys to use. What they're currently using is disrupting our grounds guys from getting their job done; so, we're essentially adding a tractor to the fleet.

The transfer switch for Fairway Pines is the only substantial lift station that we have that does not have an automatic transfer switch for the generator. In the event the power goes down, somebody has to go out there and manually switch it over. It just brings it in line with the rest of our major lift stations that have full onsite generators.

A GPR locator, ground penetrating radar, currently our staff spends five to ten man hours a week locating pipes around water and sewer lines. We're required to do that as a utility. This will allow them to cut that time substantially. What they currently have to do to do a utility locate is they have to dig to the point which they can probe some of our lines 10 feet or deeper in the ground; that's literally dug out five or six feet so they can find where that is. Anytime anyone is going to dig, if you want to dig your irrigation system in your lawn, technically, you're required to call 811, which is called sunshine locate or the underground locating service. Anytime anybody, a contractor, private citizen or anyone calls, our crews have to go out and locate every single line. This will allow us to basically walk over with a machine and the machine will dictate where the line is at; it's much easier and will save a tremendous amount of time.

The final is the F-250 on-call truck. Our current on-call truck is a 2005 and we're just looking to add a fleet; we're not planning on cycling that out; it's just time to add another truck. Mr. Wright: This is a utility work truck; it's not a pick up bed but a utility bed on the back. Supervisor Johnson: Does it stay here on property or is that one of the ones that goes offsite? Mr. Wright: We have one truck that goes offsite. Mr. Griffin: This will be an on-call truck; the old one will stay on property. Supervisor Johnson: The old one will stay on property? Mr. Wright: Correct. Supervisor Johnson: Okay.

i. Overview of Revenues

Supervisor Miller: You and I have somewhat of a disagreement on how we give back to the residents on this. You want to do it through a rate reduction and I would like to see a suspension of the $7.10 for, at least, a while to give back to the residents. Mr. Wright: Let me offer this as a compromise. We could do the rate study and we could do it through rural water and then 60 days before our public hearings in September; probably have it to you by August; then you could choose the alternatives. Supervisor Miller: That's fine, but, Mike, I've got to tell you that I have real questions about whether or not you're going to do that before it's time to make the budget decision. We've missed so many targets here lately. Mr. Griffin: The paperwork is sitting on my desk and I'm gathering all of it now that's required. Supervisor Miller: Well, I think it's a smart approach to tell us where we can save the residents more whether it's through that $7.10 or through a rate reduction. Mr. Wright: We've already met with the folks that will help us on that and we can knock it out, probably, within 45 days. Supervisor Johnson: One of the things we did was raise the minimum a couple of years ago. Should we go back and just reduce the minimum bill base rate and do that and leave the $7.10? That seems like a fairer rate because you actually paid for the water used and you still contribute the $7.10. Mr. Wright: That's, essentially, what I'm suggesting. Supervisor Guglielmi: Didn't we raise the $7.10 just recently? A couple of years ago? Supervisor Miller: No, that's been flat ever since it came in. Every year that gets questioned as to whether or not that should still be on our books because it's a grey water situation. We've got money coming in out of our ears to that utility fund and what I'd like to do is give some of that back to our residents and I don't care how we do it as long as we can give a substantial savings. I remember you were concerned very much a few months ago all about people that couldn't make their utility payments. Here's a chance that we can get some ground in this particular area. Supervisor Guglielmi: I'd like to see the excess and actually help some of these people out because it's not a matter of $5; these people don't have any money. Supervisor Miller: Well, we talked about that and we have a real legal problem with the District doing anything like that, but we can, very legally, either give that back… I, kind of, like the $7.10 because we can suspend the $7.10 and if we run into any kind of a reverse train we can reestablish it. I'm sure that Mike will tell you that we can do the same thing with the rate study, but I don't think that's quite as flexible as it is the $7.10. Mr. Wright: Actually, philosophically, I think our base rate it too high and I think that ought to be reduced and, possibly, our commodity charge ought to be increased. What that will do is the people who use 2,000 or 3,000 gallons a month or 4,000 gallons a month would pay a lot less under what I'm proposing than somebody, like in my house who may use 10,000 gallons a month. It's all in how you structure it and I tend to side… you have an interest in that $7.10 and I have an interest in trying to look out for the person who's a low volume user. Whenever there's a high base rate you're penalizing the low volume user. Supervisor Miller: I don't care. We're in a position to give something back at this point in time. I couldn't get the 3% reduction in the assessments last year. Let's do something that's meaningful to our people. Mr. Wright: Ms. Cannady and I have already talked about that and she's going to be involved in it as well. We're both saying to reduce the base rate, but all I'm saying is to look at it and see how much we can reduce it because it may be more than seven bucks for certain users. Supervisor Halbig: Does any of this revenue affect any change in commercial rates? Mr. Wright: It reflects the increases that you approved a couple of years ago; we're implementing those. It only affects just a handful of commercial customers. Supervisor Halbig: But it is reflected? Mr. Wright: Yes. President Gangemi: All of those increases should have taken place already. We're still not giving any discounts. They're all caught up 100% of what they should be. Supervisor Guglielmi: No, I don't think we are yet. Ms. Cannady: We're currently in year three of six years on that implementation. President Gangemi: Okay. Supervisor Miller: See, what I'm looking at is in the utility fund, in terms of adding to our reserves or assets; in 2009 we were at $3,374,957, by 2011 that had grown to $5,074,881; that's a pretty healthy increase. On the other hand, the general fund, and we've been pretty frugal on that, has gone from $4.4 million to $4.8 million during that time. We've got, I hate to call it an embarrassment of riches, but we certainly are adding substantially to the utilities. Greg, that's not to take anything away from your priorities. I think we're fully prepared to fund everything in that area that's a priority, but I would like, at the same time, to give something back. Mr. Wright: We don't disagree.

Supervisor Guglielmi: When we established the URRIF fund that was basically to recycle grey water. Since we had decent rains in the last five or six years, we've, kind of, forgot about that. Let me tell you something, if we go into a drought period swift mud is going to shut us off. We need to still keep that in the back of our minds because we could lose the golf courses. Supervisor Miller: Frank, we did a study on that when Julian was still here and swift mud can't touch us in that area because of our financial situation and our budget; we're okay with that. We don't have to look over our shoulders at these guys for that. Supervisor Guglielmi: Dick, these people are not elected; they can do whatever they want. They tried to cut us last year 5,000 gallons and we had to fight like hell to get 50,000 back. Supervisor Miller: Well, we've had what I consider a pretty safe argument all this time. Supervisor Guglielmi: Well, we're way short of water. Supervisor Miller: I know that. Rich Unger has a game plan to get us some more water and I don't know when the proper time is for him to present that. Mr. Wright: Not today. Supervisor Guglielmi: I'm aware of that, but where we need to be concerned is that if we have recycled water we can never use it; nobody can take it away from us. Supervisor Miller: Our problem is we don't generate enough input to make that thing viable. Supervisor Guglielmi: I know. Until you generate more than you're using you gain nothing, but the point is we have the infrastructure in. We could have done this in 2001 for about a million and a quarter. You look at the numbers now and, I think, Greg could probably… you're talking about $5 million. The longer you wait the more expensive it's going to be. President Gangemi: We don't have the growth to do that now and it doesn't look like we're going to have the growth in the very near future. One million dollars five years ago or ten million dollars tomorrow is, kind of, irrelevant. Supervisor Guglielmi: They can never take that water away from us. Mr. Wright: There was a bill filed this past session that, basically, would have done away with the swift mud regulation that says for every gallon of water that you use and reuse you lose a gallon in consumptive use; it didn't make it; those bills usually take a couple of years to work their way through and we're going to watch it again this year; I fully expect it to be filed. If they do away with that provision reuse gets back on the table. Supervisor Guglielmi: There's no question that we're not even close. The only thing is if you have recycled water you could never lose it; whatever you have is yours; they can't take it away unless its fresh water then they can take it away. Mr. Wright: Right. The only way you could get enough flow would be if we combine Avon Park's water and ours then we might break even and get a little bit ahead, but that'd be extremely expensive to do.

Those are the main items in utility fund. Are there any questions? By the way, we are looking at restoring the wetlands along Ponce as well as the north end. Ponce de Leon, by the end of next fiscal year, should look significantly different than it does today.

Supervisor Miller: Are we doing this in regards to game plan for mitigation so that we have more flexibility in our development? Mr. Wright: We don't really have a mitigation issue. We're doing it just to preserve the wetlands and to make it more aesthetically pleasing. Supervisor Miller: We do have a mitigation situation according to county planning. We're able to mitigate but I'm just wondering if you're aware of… Didn't I give you the correspondence and the documentation behind that? You've forgotten already. We'll discuss that over at the office. Mr. Wright: Unless we get some really abnormal development I think we're in good shape. We're just trying to improve the drainage, improve the wetlands and basically reclaim the wetlands before we lose them to the invasives. Supervisor Miller: Before you guys got here we had quite a discussion, I can't remember what year it was, over in the Unit 14 situation, where the water shed and we were going to… Mr. Griffin: (Inaudible) Supervisor Johnson: Can't you sell mitigation to people, but that's been changed with the habitat? Mr. Griffin: That's correct. You can sell mitigation credits. We've looked at it a couple of different ways and it would be a net loss to the District at large; it would not make sense. It requires a tremendous amount of work to upkeep and maintain. Mr. Wright: When I was in West Palm Beach we had a 20 square mile piece of the original everglades and we, basically, had a mitigation bank there that worked for two reasons. One, it was a very densely populated county that was growing rapidly and people needed to buy mitigation. Two, we had way plenty of land of which to mitigate. It worked out fine and the town made money. We don't have a real strong market here to buy mitigation credits and we don't have a lot of development.

Supervisor Johnson: We're going to be doing that for aesthetic reasons and aesthetic is in the eye of the beholder. Supervisor Miller indicated earlier, in the last meeting, that some of the people like the look of Turtle Run and I'm concerned about what we're going to do to change that. It's nice to make it look nice and neat, but some of the tropical look reminds me of the Bahamas course; to me, it was my favorite course to play because, aesthetically, it was just more enjoyable. Again, aesthetics is in the eye of the beholder so before we do anything I'd like to know what we're going to do. Mr. Griffin: Essentially, the way that we're proceeding in our management, first of all, has to be in compliance with DUP. The reason we're mitigating the scrub habitat or trading out that habitat is because we can't manage it. To manage scrub habitat for what it is you have to burn it. There are two other mechanisms in which we can go in and control that. We can either go in with a crew of laborers or use herbicides to control it. That doesn't mean we're going to go in there and clear cut every single oak tree, but the grapevines that are taking over those areas are not native. The grapevines that are taking over the wetlands on Ponce are not native. What we're doing is, when you talk about aesthetically enhancing, we're going in and removing those grapevines, we're going in and treating the invasives with herbicide, killing the Brazilian pepper… Supervisor Miller: Greg, I would just point out to you that we have a large group of golfers that feel very strongly about the environment, the look, of Turtle Run; we need to be very, very sensitive to that. They're very concerned right now about moving this scrub jay habitat. Mr. Griffin: That's all understood, but in its current state and the way that it's going with the overgrowth of the grapevines, it's not going to be viable habitat for anything. Supervisor Miller: I know that, but we need to be very sensitive as we take steps from the transfer and so forth. Supervisor Guglielmi: What's going to happen if you leave it the way it is? There isn't going to be any trees left. If you look to the right, if you get to number 6 tee and look to the right, you see grapevines; the trees will eventually be pulled down. If you destroy the wild grapes, the palmetto and the pines will come back; right now they're all being choked down by these wild grapes. To some people it looks pretty, but to me it looks ugly. Supervisor Miller: I'm in favor of that type of action; I'm just saying that we have a lot of concerns about it. Mr. Griffin: Understood. This is all being done in ecologically sound manners. It's like the treatments that we're doing to preserve pine trees. Trees are a valuable asset to the course. The palmettos, if they're managed properly, they're a valuable asset. I don't think anybody wants to go in and clear cut. It can be thinned and cleaned up so that it is manageable. When it is cleaned and thinned the scrub jays will show back up; they won't function in a habitat as it stands. Supervisor

Halbig: Back to what Dick said, people need to be aware of what's going on and why. As long as people are informed they understand it, but to just take on the program and start doing it without… Mr. Wright: All we've been doing at this point is positioning ourselves to be able to do something; right now we can't do anything, literally. Supervisor Johnson: What happens now? First the scrub jays move and now you say they'll come back? What happens then? Do they just come back and leave and go back to their home? Mr. Griffin: No, again, the habitat as it stands, we're not technically able to step foot in and manage it in any way, shape or form. What we're going to do, the reason we're vacating that particular habitat, its people's back yard in many cases and they can do what they wish, however, the portions that are on the golf course we have to manage appropriately. In their current state and the way that the rules are written now we cannot step foot in there and DEP acknowledges this; they acknowledge it with our wetlands and they acknowledge it with the scrub habitat on the golf course that in its unmanaged state that habitat is going to fail and that' s why they're willing to work with us; we're changing all of our conservation easement language; not because we're going to clear cut and destroy the habitat, but because we need to actively manage it so that it's ecologically viable. Supervisor Johnson: You say there's hope for the scrub jays to come back? Mr. Griffin: Sure. Scrub jays don't typically go anywhere; they either die off in an area or they populate and adapt to the habitat. The habitat as it stands they're subject to predation. In other words, they're going to get eaten by other things. As we clear that out they return to their normal functionality where they're able to see the predatory animals. Supervisor Johnson: I didn't understand it that way because it seemed to me we were prudently getting them out of there and we'd never see them again on the golf course. Mr. Griffin: No, I don't think that's the case; that's not what anybody intends to happen. Supervisor Guglielmi: Diana, were you here the last time they burned those areas? They burned the area between five and seven… Supervisor Johnson: We cleared all of that stuff and that's why I said… those guys go in there and that pond looked really nice; there was nothing in it. Supervisor Guglielmi: No, no, I'm not talking about the ponds, I'm talking about the hedges between the holes. All of those areas were burned; they burned them right down and got all of the vines outside. They did one area between five and seven and the other area between nine and eighteen. All of the vines and everything were dead. The only thing that was left was the big pine trees and eventually all of that stuff came back. It was supposed to be burned every five years, wasn't it, Greg? The State is supposed to do it. Mr. Griffin: (Inaudible) Supervisor Johnson: The other thing that I would caution you, again, if the residents along those fairways, some of them want the stuff and some of them don't want the stuff, but if they see us clearing and we know what we're doing they should not automatically assume that they can go ahead and clear, correct? They have to do it correctly, too. Mr. Griffin: (Inaudible) Supervisor Johnson: They don't have to do it according to the environmental rules like we do? Mr. Griffin: (Inaudible) Supervisor Johnson: I'm wondering why we've got to lift it in the first place. Mr. Griffin: It's innovated with vines. Supervisor Guglielmi: Those grapevines, a deer can go in there and get trapped. It gets so heavy and so thick that they'll walk in there, the area to the right of number five, it would get stuck and die. If you look at some of those trees, the vines are actually pulling the trees. Mr. Wright: They're killing the trees. Supervisor Guglielmi: If you go to some of the courses on the west coast, in particular, they've cleared those areas; you've got palmettos, pine trees, scrub oaks and everything else is gone. They maintain it that way and it looks real nice. President Gangemi: I think once we get the final approval from DEP we'll be in much better shape. Mr. Wright: Yes, sir, and everything should be shipped to them early next week. We finally got all the title work worked out, literally, today. I gave John a map to take back with him this morning. President Gangemi: Okay. By next meeting we should have some… Mr. Wright: I don't know if the State will move that fast even though I know they're anxious. In fact, Lucy Blair has contacted me asking me where it is; she's with DEP. Are there any other questions on the utility fund?

D. Overview of General Fund

Mr. Wright: Go to Page 2. The overall fund is down slightly. Revenues, we are predicting a slight decrease; that's a conservative estimate that Ms. Cannady and I reached a compromise on. I think we'll do a little better than that, but we felt like we needed a good conservative estimate, which is just a few thousand dollars less than what we're anticipating in bringing in next year.

Supervisor Miller: You have a drop at one point of 5%; $70,000. Mr. Wright: I have $25,000 and $22,000; $47,000 on assessment revenues. Supervisor Miller: I'm talking about total revenues. Mr. Wright: Oh, total budget, yes, it's down slightly, but I'm looking at the assessment revenue which is our primary source of income. Supervisor Guglielmi: It looks like it's in pretty good shape; we're pretty close. Mr. Wright: I think we're going to exceed it. Supervisor Miller: We're pretty solid in that area. Mr. Wright: Ms. Cannady has taken it on to be pretty aggressive and going after people who don't pay. We have targeted every property, every developed property, and every commercial property that's undeveloped that's not paid; we're not targeting vacant residential. Supervisor Miller: It's pretty stable. You've got revenues down 1.5%; we've got expenditures up 1.5% so we have a swing there of $120,000. All in all it's a pretty stable situation.

Ms. Cannady: I have a couple of things in the general fund that we need to change. Let's talk about the assessment revenue to golf. We're going to decrease that by $96,000. Does everyone agree on that? We decided that earlier in the meeting. On Page 12, under the transfer out of golf, you're going to be changing the $460,000 in assessments, in the detail there, to $364,000. Right now the offset is going to be contingency. Mr. Wright: Transfer out goes down and contingency goes up. Ms. Cannady: On Page 6, in finance, I actually had errors and didn't catch it until this went out and I apologize, in the salary and wages, in the percentage allocations, we need to change that. My budget is actually going down by $29,000. Let me give you those. Do you want me to give those new numbers to you and you can pencil through those? President Gangemi: Page 6? Ms. Cannady: Yes. Supervisor Miller: You're talking about percentages now? Mr. Wright: They're factored in at 100% and they should be 80% so she's going to take the three salaries down to 80%. Supervisor Miller: I've got 80% in here. Mr. Wright: It's the actual dollar amount under the salary. Ms. Cannady: It says 80% but the number is not 80%. I apologize for that error. The wages at $159,446 will be changed to $133,248. The next line item which is FICA, $12,198 will be changed to $10,193. The last line item, retirement contribution, $7,972 will be changed to $6,662. My overall budget in total now is $381,343. Supervisor Miller: Nothing changes in health? Ms. Cannady: No, sir, that's correct.

Mr. Wright: While we're on our budget, why don't we speak to software since we've already made those changes? The major change in her budget is on the acquisition of the document management software down at the bottom. Why don't you speak to that and then I'll speak to ad valorem taxes? Supervisor Miller: We're not talking about the server we're talking about something else, right? Ms. Cannady: Yes. Mr. Wright: The box you bought this morning and now we're talking about what runs the box.

Ms. Cannady: We're proposing a new document imaging software. The current software that we have had multiple issues and we decided… I know in 2007 the District spent almost $68,000 on this particular software. We have no maintenance with these people, no communication and it's basically failed even before I came on board. We're proposing to buy the software from Tyler Technologies, which is our current financial software. Not only are we going to be buying the software they are also able to do the conversion of what we have and that's going to actually cost more. If you notice in my detail under my capital outlay sheet, the implementation and conversion services are actually going to end up costing more than the software on that. We did verify that with Tyler Technologies that they are able to do a conversion for us.

Supervisor Miller: Tanya, excuse me, a year or so ago we forked out a similar amount of money to "digitize" our records and everything. Ms. Cannady: Right, and that was $20,000 that we incorporated in last year's budget, but after speaking with Tully and speaking with Tyler Technologies, again, I was really off base of what we needed to make this right so I did not spend the $20,000; it's actually going to cost us $60,000 to implement this. Supervisor Miller: I wish you were right the first time. Ms. Cannady: It wasn't spent and I would like to carry that $20,000 over from the previous year to this year. Supervisor Miller: Where are we on our record keeping? Do we still have documents in our storage units? Mr. Wright: Yes. Ms. Cannady: Yes, we do not currently have in place a system to scan archives documents. Supervisor Miller: So we've done nothing in that area? Ms. Cannady: There are some, but I don't have a handle yet on what. Mr. Wright: The problem we've had is the software just didn't work like we thought it would. Supervisor Miller: We sure need to straighten this out.

Supervisor Johnson: How is this handled, though? Do we just go to Tyler or do we look to other people? Normally we'd have to put this in the paper and ask people what they can provide us by putting in an RFP of what we need. Why are we just going automatically to Tyler? Are we in line with what we're supposed to do? Ms. Cannady: We can waive the bid process. Supervisor Johnson: We can legally waive the bid process? Mr. Wright: What you're doing today is talking about a budget. Ms. Cannady: It's more of a sole source. Mr. Wright: Tyler is or current financial provider. It's almost like standardizing your fleet. By staying with Tyler, which is a company that's been around for a while and they've got a good product, it's going to be compatible with your other software. Supervisor Johnson: So does Microsoft and so does Apple, but Apple will tell you theirs is better than Microsoft and Microsoft will tell you theirs is better than Apple. I thought we had to go out for bid. Mr. Wright: They don't always convert either. Supervisor Johnson: No, but that's what I'm saying. I just want to keep us out of trouble. I've got to believe that we're doing things that everyone in the public domain knows about and can have an opportunity… Ms. Cannady: We can advertise this. Again, the reason that I want to use Tyler, in working with them and getting estimates is all we did, is that we currently use them for all financial applications; general ledger, payroll, accounts payable; they're a good company to work with and I'd like to continue to use them for this. Supervisor Miller: What does McClure say about sole sourcing this at $60,000? Ms. Cannady: I wouldn't say sole source, no. We can put it out for advertisement; absolutely, but I will come back with the benefits of using Tyler. We already use them; we've been using them since 2008. Supervisor Miller: It's a predetermined result there, isn't it? Ms. Cannady: No. Mr. Wright: No, today we're just doing budget. We're not buying anything today. Supervisor Miller: I know that, but she's making a strong argument. Mr. Wright: Yes and perhaps today is not the day to do that. Supervisor Johnson: We need to understand that when we do things that are over $10,000 we have to go out into the public domain and get everyone to have an opportunity. Now, there are sole sources but we have to do this legitimately or we're going to be sued. Ms. Cannady: This is not a sole source, but I knew that they have the software capability and I worked with them to get a quote.

In addition to this we're proposing a server that will only be for document management in scanning and archiving. That's the new server we're proposing in the amount of $13,000 within the $60,000. I know there was some confusion earlier about the servers, but I am proposing a new server, which we do not have now, to house only our documents. President Gangemi: If we get an outside bid on this, we're going to have to request that the existing software be incorporated into the new software. Maybe some of these companies that respond will not respond because they may not have the capability of the technology to make the conversion. Ms. Cannady: True; and Tyler does have the capability; I did check with them. President Gangemi: Okay. I understand that. In order to be completely transparent maybe we should just go out and get a bid. Just like other bids we've had one person bid. I appreciate that and I appreciate your confidence in this company and their ability to make the transition, but if it's going to cost us more to do the transition then I don't think we can do it. Let's see if we can do that. Mr. Wright: We can do that.

Supervisor Miller: Tanya, a while back you gave me an outline of requirements for keeping records; particular in accounting area. I notice one of the bid deficiencies of the SDS audit we just received was the fact that they took the fifth numerous times about records because we didn't have this or we didn't have that. I'm concerned because if we start digitizing, which I thought we had been doing, but I guess we've just done a little bit, we have the ability to store a heck of a lot of data in a very relatively small space, is that correct? Ms. Cannady: Yes. Supervisor Miller: We can make the decision then, I think, as a staff, as to what is important keeping in mind what we haven't been able to do in previous analyses. I will just draw that to your attention that I would really like to see us get on with that in a very swift way. Mr. Wright: If the Board is comfortable with this we can go ahead and start the RFP process now with the idea of awarding it early in the next fiscal year or late in this fiscal year recognizing that it's going to be in the budget and that, hopefully, it will be approved in September, but we can go ahead and start the process now.

Supervisor Johnson: Well, I'd like to know what happened. I know when I came on board we were scanning and we were scanning quite a bit. Number one, where is that scanning material? Number two, did it just lose focus during the fall up during the transitions year with different personnel, we lost our Board Secretary and we lost our General Manager? We were scanning and we had quite a few things scanned? Where is that scanning and why can't we just continue without having to go buy new things? Ms. Cannady: The software has malfunctioned. I haven't been involved in the details. Just from our basic utilities scanning we had someone… Ileana was in charge of that; there was a part time person, things were scanned then we were not able to locate them. We didn't know why and we have no maintenance; we couldn't call someone and ask. If we want to move forward with the software we're going to need to buy something new at this point. I have to do the research that you just mentioned because I don't really have a handle on it; what was done, what we need to do, what's in our archives; I don't know those answers right now. Supervisor Johnson: To Dick's point, which was SDS asking for material and we didn't have them, we may have had it but we just didn't know where it was. President Gangemi: I think we're just jumping off a little bit on this SDS stuff. Mr. Wright: They were looking for very specific deposits in a three month period for more than five years ago, which is outside the records retention policy. Supervisor Johnson: To Dick's other point; maybe we just need to decide what our record keeping policy should be. Supervisor Miller: I know we're falling the wall, but it was obvious that there were some pretty critical stuff that we were unable to locate and I don't think we want to make that mistake again; that's all I'm saying. It just seems like, in following this for the last several years, we have constant problems in this IT area. Nothing ever seems to work right and I don't know why. Supervisor Guglielmi: That's the nature of the beast, Dick. Supervisor Johnson: What goes in; garbage in garbage out. I, too, feel that we've had a lot of problems and it concerns me that maybe we're not using the right people; that's the reason why I brought it this being put out for bid. It just seems like we've got people in there for hours… I'm wondering if we have the right people at this time. Mr. Wright: I think it'll work out.

Let me mention property taxes. We're budgeting the same amount of $70,000 and that should actually go down.

Let's go back to Page 2 if we could; those are the revenues. Let me give you one number you don't have. We sat down and looked at our projected year end number, how much money we thought we were going to have at the end of the year plus how much money we have in reserves and we think even by taking money out of unspent funds we'll have $3.6 million in general fund revenues; unobligated reserves. We tried to match it up to roughly one year's O&M assessments. What we're talking about doing is taking some of those funds and, again, spending it on capital. I'll talk more about that as we get toward the end, but $3.6 million is what I anticipate having give or take a percent at the end of the year, which is an extremely healthy general fund reserve and I'd like to keep it that way.

Supervisor Miller: Before you get off of that, you keep saying how healthy it is and it sounds like it's burning a hole in your pocket. Mr. Wright: No, sir, it's not. I think before the year is out I'll have to answer to the governor why we have so much money. Supervisor Miller: It's not any of his business. Supervisor Johnson: We've got a pending lawsuit that's going to cost us $3.6 million. Mr. Wright: We're being told the governor's office is looking at all the special districts and he's targeting, basically, a couple of things; health care district, fire districts and districts with very strong reserves. If you don't think they can't mess with you ask the water management district. Supervisor Miller: Well, I would think that we'd be able to more than defend ourselves on that because we're a full service District. You mentioned how much we're going to have this year? Mr. Wright: Even if we take money out of reserves our goal is to keep, at least, $3.6 million in reserves. Supervisor Miller: As of 2011, we have $4.8 million. Mr. Wright: That may have been before we took the $350,000 out. Supervisor Miller: Total general fund balance, $4,810,603. On reserve is $3.8 million. I'm talking about the whole balance. Mr. Wright: $3.8 million. Supervisor Miller: Tanya, what does that mean "reserve advances to other funds"? It's showing here as an asset; money that we have. What does that mean? Ms. Cannady: It means within fund balance it's not spendable. Each year as the general fund gets the payback money on the construction of the clubhouse and the recreation center that number will also go down. Its part of our fund balance, but it's a requirement… Mr. Wright: In other words, its money owed to the fund. Supervisor Johnson: It's a receivable. Ms. Cannady: It's a receivable. Supervisor Miller: This is what Dave was talking about; the payback and so forth. Ms. Cannady: Yes, this is what the general fund was owed for that construction in the amount of $950,000 on September 30th. Supervisor Miller: That will be reduced if we suspend it as Dave suggests for this particular year. That gives us $3,846,000 and you're saying, Mike, that it's essentially about the same balance? Mr. Wright: We ended last year with $3.846 million and I went in with, at least, $3.6 million, if not a little more. Supervisor Miller: You're not proposing in general fund that we're dipping into reserves in any situation, are you? Mr. Wright: Yes, sir, down a couple thousand. Let me get to that line item and you'll see what it's for. If you do what you did this morning where you took $200,000 and put it back $189,000.

Supervisor Guglielmi: Mike, what you just said about them investigating that we have too much money, kind of, bothers me because $3.6 million is not a lot of money. We have a District of 7,500 people. Do we have to work on definite spending… Mr. Wright: No, sir. Supervisor Guglielmi: I don't understand it. Mr. Wright: No, sir. All I'm saying is there are 1,500 special districts and some of them are financially solid though a number of them are not. The governor's office has targeted and has assigned part of his staff to look at all special districts in the state; to look at their fund balances, to look at how financially sound they are and what he's really looking at is how much money they have and if they have too much. He absolutely decimated the water management districts; he cut them about 25%. Supervisor Guglielmi: I understand that because the water management district has appointed people; we manage our own affairs here. Who are they to come and tell us we have too much money? Mr. Wright: I don't agree with it. You're chewing out the messenger here; I'm just reporting to you what they're doing. What can they do to us? I don't know yet. It's being watched very, very closely. Supervisor Miller: This republican governor says we've got too much money. When is the last time you heard that? Supervisor Guglielmi: I guess if you're not broke you're doing something wrong. Is that it? Supervisor Johnson: I thought the republicans didn't want the government to run things.

Mr. Wright: If you go to the administration fund, which is on Page 3, let me tell you the big items that are here that you may want to be aware of. Look at Fifth Third legal fees and reduce that by $100,000. I don't think we're going to foreclose on Fifth Third; I really, really don't. I've left $50,000 in there simply for the Gonzalez litigation if not nothing else. I didn't have a better number so I reduced it by a number.

Supervisor Miller: When you say we're not going to foreclose, do you mean on any of those properties? Mr. Wright: I don't think so. Supervisor Miller: What happens? Just let them go through the system? Mr. Wright: Yes, sir. Supervisor Guglielmi: The agreement was if we foreclose they paid us our foreclosure fees and it doesn't look like they're going to pay their foreclosure fees. So, why should we foreclose? Let them take it. Mr. Wright: I don't think the bank wants us to foreclose. I don't think the bank knows what to do to be honest with you. We had that conversation at lunch. They are absolutely in a bind. That's, probably, the one significant change in that area.

One of the questions that was asked, and I'm asking this on behalf of Ms. Cannady who has asked me about four times, do you all want to increase your salaries? Supervisor Miller: Only if we could get $42,000 a year. Supervisor Halbig: I was going to ask that question because the year before last we gave the 3% bonus and last year we gave 3% and then this year you got plugged in another 3%. Mr. Wright: I'm talking about your salaries. Supervisor Halbig: Oh, our salaries; well, heck yes. I'm just kidding. Mr. Wright: Okay, I asked. Ms. Cannady: I brought up the question anyway. Supervisor Miller: I appreciate your thought, however. Mr. Wright: The budget is down $103,000 and most of it is Fifth Third money.

I. Community Services

Mr. Wright: Page 4 is community services. What we basically did here was to break out a lot of the detail information because we know this is an area where you have an interest. Ms. Wolf is here to answer any questions you may. Let me point out something that's in here that's new. If you'll look down at the bottom it says, "Owner Residents Needs"; that's a survey. What we're looking at is potentially a residential survey. Christi, help me a little bit. Why don't you sit at the table and talk a little bit more about what you and I had discussed? Supervisor Miller: Are you aware of the survey that was taken a few years ago? Mr. Wright: How is it done? Supervisor Miller: It was a community wide survey. Mr. Wright: I know, but was it a direct mail piece or a phone survey? Supervisor Miller: No, it was a mail survey. Ms. Wolf: I don't know how many years ago that was, but that is something new this year. The community service budget is of $8,000 and that, primarily, looks at the promotions area. We'll touch on that $4,000 for the owner and residents needs survey. This is something as providers of recreational and leisure services; we're constantly looking how to meet the needs of a changing community and what their desires are. I think by collecting information in a scientifically, methodical way and compiling the results will be a great tool for us particularly as we look at allocating limited dollars to meet some needs particularly in the recreation area although I do believe we can expand it beyond recreation; again, not that we need to follow it. Supervisor Miller: I will give you the survey. We got a 15% response to that and it covers all sorts of community needs. It should be in your files, but I have a copy. Ms. Wolf: Okay. President Gangemi: Rule of thumb; if you send out a survey and receive about 32% back, consider yourself very fortunate. Ms. Wolf: Yes, even less than that quite honestly; it usually falls 18% to 25%. Mr. Wright: This is where hospital funding is in, trade shows, publications, etc. We wanted to break it out for you. President Gangemi: I think Juan did a survey from a golfer's standpoint, but I don't know if that's going to have much impact on the general fund. Right now you're meeting with ambassadors and new residents so I think that should be, probably, enough right now as far as going out and getting a survey. Supervisor Miller: It's still up 30% from 2011. President Gangemi: I know; it has gone up. Some of the things you can look at, as far as travel and training, there's $3,500 in there. I'm not sure if I want to go another $8,000 since we've gone up considerably. Ms. Wolf: I can tell you where the other $4,000 is and that'll help you out. In beautification we added $2,000 this year. I know they wanted to focus on… we've been adding something new every year and we did the community awards; we added those last year. We did two flow plantings instead of one. In the meeting this past week, and we meet every month, they had about four or five projects that they wanted to tackle in the year ahead and many of them had to do with maintenance, landscape architecture, accentuating the entryways to the community and public spaces. They've identified specific areas that they would like to address in that. That's the additional two there. I can tell you what those projects are if you want to get down to the details of what they had in mind. The other $2,000 is under the resident and visitor promotions. We just about now have a full year under our belt, but not quite; we started in October 2011 with our quarterly new resident events and in conjunction with those we do a welcome back for all new residents and a survey when they come into the office. Then we follow that up with a postcard invitation for all new residents in the previous quarter and then we do a welcome and introduction to the community. From the visitor's side, we do a January, February and March welcome event for people who are renting here. We've worked with the local property management companies as well as the individual property owners to put a bag in each rental unit before they arrive there whether they're staying for a week or a month or two months; that has an invitation for them to attend either the January, February or March event. Now that we've been almost through a full year we know what the costs associated with that are and continuing those events; that's why that went up slightly.

Supervisor Miller: Are you tracking all results of the money we're putting… I know it's not very much; we're putting $15,000 here for Golfers Guide and travel and stuff like that. Are we getting any payback? Ms. Wolf: It's hard to say what the payback is that you're getting. Yes, we are tracking it to answer your question. The Golfer's Guide is the one piece of advertising that we continue to do and I like it and I'll tell you why. It's multi-media, it gives us exposure not only in our targeted marketing areas, but it gives us the flexibility to change that throughout the year. We had 13 full page ads in 13 different geographic markets; 3 in central Florida and the remainder being in the Midwest and Canada. It also gives us the opportunity to reach out on the website and having a web presence in those areas. I think what we get for our money there is very worthwhile. We can track that by hits, contacts through our website and also we can see how many times they've been on a page, how long they stay on a page. We do track it and I think it's very worth the $15,000, which actually is $14,000 because I just got the contract yesterday from them. I added two new additions to it, two new geographic areas, and got the cost down a little bit. We're constantly negotiating when we do anything, but that particular one area is, I think, something we want to continue.

Supervisor Miller: Mike, one thing I feel very strongly about is that there is no way that code enforcement should be in community services or recreation; that's a public safety situation and you need to find another home for that. Mr. Wright: I understand your concern; let me give it some thought. Supervisor Miller: Okay. I know it's a little awkward because of our security situation and our public safety situation, which I was hoping would be resolved here shortly, but I guess it's not going to be. We have functional areas in this community and code enforcement does not fall under recreation or beautification or anything like that. Mr. Wright: actually, it's not uncommon for it to be in that area; not necessarily recreation, but we're a very small organization and community services is, kind of, an umbrella group that handles beautification, recreation, code enforcement, aesthetics, landscaping and all of those type little items. Supervisor Miller: I'm just suggesting you find another home for it. Mr. Wright: I understand. Supervisor Johnson: That's my question. We have our code enforcement officer riding around with public safety and I don't understand why public safety can't just cite the codes; it doesn't make any sense at all to have two people riding around in this truck looking at property and also at the same time attempting to discourage any crime or whatever is happening. Those guys cover 4,000 miles. Mr. Wright: It's 4,000 to 5,000 a month. Supervisor Johnson: That's a lot of covering ground with all those different guys. I don't understand why we have two guys in a truck for code enforcement and crime. Supervisor Miller: They don't do that all of the time. Supervisor Johnson: One day a week. Mr. Wright: You're talking maybe an hour or two a week where they do that. Supervisor Johnson: I was told a day a week. Mr. Wright: Not all day. Supervisor Miller: I understand that security has helped to boaster our backbone on security so that when we have certain issues Mike Hurley steps in or one of the guys step in and helps Bob out in certain situations. Mr. Wright: The other thing is security covers a lot more miles than our code guys do especially in the areas out back. A lot of what security does is locate the trash areas and show them to Bob to coordinate the cleanup and that type thing. Bob is not going to ride 100 miles of street every week in the District. Supervisor Halbig: I think that's what's going on, Diana. I think the security guys pick up these guys' trash and see the grass situation. I think they log those things. I think that's what's happening with that ride around. Supervisor Johnson: It just seems like there'd be a more efficient way to handle it. I mentioned this even before I knew that; that somehow I thought that guys that are traveling 4,000 a month could note those things as you said they do. Supervisor Miller: Let's see what Mike comes up with. I would differ with you about your comment in that area. For example, City of Sebring, the code enforcement office is part of the police department. It's a public safety situation. Mr. Wright: But we don't have a police department. Supervisor Miller: No, but you've got public safety, you've got security, etc. Mr. Wright: Yes, sir, and they're part time and we have our challenges in that area as well. Supervisor Miller: Yes, but let's work on it. Supervisor Johnson: The department is called public safety so whatever the problems are, the people that belong in those departments ought to be in there. We ought to address those problems and fix them.

Supervisor Halbig: Christi, you might have mentioned, but on these line items you've got everything that adds up to the $27,000, but you didn't have what it was last year, what the budget was last year. Which one of these line items… I might have missed it and maybe I wasn't listening very well. Which one of these line items increased more? Where is that at? Ms. Wolf: Beautification went $2,000 increased $2,000, the resident and visitor events increased $2,000 and then the $4,000 for a needs assessment. Supervisor Halbig: Okay. Supervisor Johnson: I just think that $8,000 is, kind of, a little drop in the bucket in our overall budget. You will all probably agree with me that the improvement in the aesthetics in this community has improved dramatically with some of these services and to me it's well worth any of the monies that we have spent and I'd like to see it continue.

President Gangemi: Looking at the printing and the stationary, I thought last year we were looking to maybe reduce that. Is that the monthly flyer that goes in the water bill? Ms. Wolf: Yes, you can see the line item for newsletters is $9,000. We basically went to a four page and approximately the same cost as a two page. The other thing that we need to look at in there is the revenue that we generated to offset that from advertising which is going to be until we finish out the fiscal year. Supervisor Miller: Let me ask you that. Is the $9,000 a net cost to us or is that $9,000 minus the $3,000 in advertising? Ms. Wolf: No, that's the net cost; that does not include the revenue. That's the total cost that we pay the printer; that has nothing to do with the revenue we receive. Supervisor Miller: We recover about a third of it then? Ms. Wolf: Right. We only really started that the first of the year; we only started advertising in January so we don't even have a full year in yet. We could have $4,000 or $5,000 a year offsetting that cost for printing and the newsletter. President Gangemi: So you're saying the $9,000 is the cost before any revenue that's returned to us? Ms. Wolf: Yes, that's correct. President Gangemi: We just started getting some revenue from the advertising. Ms. Wolf: We started advertising and we started the four page in January and so far I think we're at $2,700 in revenue from advertising; that's just from the first of the year. People do advertise for an entire year, some people do it for six months and some people do it for three months. We have to offer different lengths of time. President Gangemi: The other big item is the $15,000 for the Golfer's Guide. Any chance of getting that reduced? Ms. Wolf: I just actually did get the new contract for the upcoming year. I had talked with them a couple of weeks ago when we were working on the budget and negotiated with them to give us three additional full page ads in different markets. He brought it back with the three additional ads, some additional web presence with leader board ads and then brought it down to $14,000. President Gangemi: That number should be $14,000 then? Ms. Wolf: That's correct.

Supervisor Miller: What's our relationship with the hospital these days? Mr. Wright: I don't know of any issues. Supervisor Miller: The reason I ask is because we put that $5,000 every year and we're glad to do it, but I think one year they moved their Christmas party out of the clubhouse. Mr. Wright: We, basically, didn't give it to them for free. It was one of the departments within the hospital; I forgot what it was, but I think radiology or something. They, basically, paid the rental fees if I'm not mistaken. They still have their golf out of here. Are they our biggest assessment payer? Supervisor Miller: They've been very good corporate citizens for years and years. I just wondered about that situation last Christmas. Mr. Wright: I think we get along fine. We've dealt with them on some utility issues and we've adjusted some of the bills at their request. We seem to get along with them well. Supervisor Miller: That's good. Tim Cook is a very easy guy to talk with. Mr. Wright: We, generally, deal below him, but we seem to get along fine. Supervisor Miller: That's $5,000 well spent then. Supervisor Guglielmi: We give them $5,000 but on that day, Gala, we probably make $30,000 or $40,000. It's, basically, a reduction on their cost. Supervisor Miller: I'm a big fan of the hospital.

II. Recreation

Ms. Wolf: The big difference in the recreation budget this year is we tried to develop a cost center just for the recreation complex, which puts some of the accounts that we typically had in the fund that would cover the community center, like the electric, utility and telephone, and some other costs in there. I can go over those with you.

Supervisor Miller: Excuse me, why do we separate the utilities… you have the community center then you have recreation. Ms. Wolf: I'll explain that to you. We wanted to show you the two different utilities. Recreation, the $4,300 utilities is the account that we have been paying for utilities for the recreation area. Then the community center is the electric, utility that we recently brought into this department that was paid out of administration. That was the one account of buildings and grounds.

The other areas that you'll see increased are office expense that went from $1,600 to $4,000; basically, that covers about $2,500 to $2,800; the access cards and equipment that we use for the pool and fitness center so we brought that over.

Supervisor Halbig: How about the life and health insurance? You have some full time employees. Mr. Wright: We had one employee who was in at 30 or 32 hours a week and she left in December. Then we brought in another individual, I think, in January and he's been with us about six months and we're looking to make him full time. Supervisor Miller: Is that Rivera? Mr. Wright: J.R. Ms. Wolf: J.R. Rivera. Supervisor Miller: Is he related to the other Rivera that we have? Ms. Wolf: I don't know. Supervisor Miller: Ron Rivera in environmental? Ms. Wolf: I believe he is from Pennsylvania. Supervisor Miller: In other words, as Dave said, we're not into a full time employee. Mr. Wright: We've also had a lot more activity here and we've, kind of, grown into it. Supervisor Johnson: What time does he start? Does he start early? What are his hours or are they varied? Ms. Wolf: Well, he's still part time. Supervisor Johnson: You have things like security guards who open the doors as well. We have a full time manager here, a full time recreation guy who has to be the one opening and unlocking the doors. Ms. Wolf: That is the goal; to move everything over here and have everything taken care of here. You'll also notice that 50% of an administrative assistant salary went into this recreation account. The reason for that is Juan Guerrero, who's front office staff and assistant board secretary, he has taken over all of the pool and fitness center memberships and that's quite time consuming. We're also looking to have him do the booking of the community center. We'll have everything that's done over here under a staff that's assigned to the recreation complex. We're trying to get everything coordinated and, I think, provide better customer service, which is our end result. Mr. Wright: Basically, looking at seven days a week, seven to seven. Ms. Wolf: Yes. Supervisor Miller: Alright, but getting back to Dave's point, we're looking at $18,877 in life and health insurance and we don't have a full time employee in this whole area. Is that right? Mr. Wright: No, sir, we're looking at two full time people one of which is shared in this department, which is Juan. Supervisor Miller: Is he now full time? Mr. Wright: That's what we're proposing; yes, sir, but he's pretty much working 40 hours a week now. Ms. Wolf: Yes, Juan has been full time. Supervisor Miller: Juan is a good man, but I thought he was a temp. Mr. Wright: No, he's been with us now almost two years. Supervisor Miller: Okay, well then, who else would be qualified for the health insurance? Mr. Wright: J.R. Supervisor Miller: But right now he's only working 30 hours a week. Mr. Wright: Right, we're proposing he goes up to 40. Supervisor Miller: I'll simply point out that without the tennis courts we're talking about a 67% increase in recreation from 2011. Mr. Wright: Okay, but a big chunk of that, $20,000 for example, is janitorial services for the building. We cover a lot of that through the fees that we charge for renting it; that's a big item that's gone up plus we've moved some of the utility costs in here to have more accurate accounting of what it costs. By the way, the electric bill in this building has actually gone down since we came in and done all of the duct work. Supervisor Miller: Well, let's talk about contractual and structures. What are we doing there? Ms. Wolf: We just broke them out into contractual employees where, I think, we bumped them into wages last year. Those are the people who teach water aerobics, zumba, yoga, tai chi and all of those types of classes. Supervisor Miller: How close have we come for it paying for itself? Ms. Wolf: Quite frankly we have a good membership in the fitness center; I think it's like a pool or a golf course. I'm not sure it's ever going to pay for itself to be perfectly honest. Supervisor Miller: I didn't ask you that; I asked you what percentage paid for itself. How much do we recover from membership with these instructors? I'm trying to get an idea of the cost benefit involved. Ms. Wolf: Okay. Memberships are $30,000. I would have to look at it and break out what our fitness center memberships are and take a look at what actually comes in at the fitness center; I don't know that break out. Supervisor Guglielmi: When we looked at this before I think we'd be lucky to get 25% of the cost. It's a community service; it was never meant to make money and I don't think it ever will. Supervisor Miller: I realize that and I'm not suggesting that it has to pay for itself, but we've gone from $160, 000 to $396,000 minus $130,000 for the tennis courts.

By the way, Mike, I don't think this Board should be making any decision on tennis courts until we have a full presentation in terms of the next phase of the recreation complex master plan. Mr. Wright: We talked about that as well. Supervisor Miller: I assume you want to move the courts to make way, eventually, for the villas, right? I don't know if you're moving two courts and four pickleball. Is the four pickleball played on the two courts? Ms. Wolf: You can put either two or four pickleball courts on one tennis court. Supervisor Miller: Is that what we're doing so we have just one tennis court moving over? Ms. Wolf: What I would propose and recommend, if you want to talk about that, is two tennis courts and four pickleball courts. Supervisor Miller: I just think at the next meeting we need to review our entire plan and find out where we're going to site the tennis courts and what's involved and whether or not we're keeping the other until we bulldoze them or what we're going to do. These swings out here are pathetic and I think we need a game plan for updating that. I've had residents who have asked if we have anything for the wee ones; the toddlers. I think it'd be a good time just to see where we are in this whole complex. Ms. Wolf: That's a question; what comes first? Do we do any assessment to see how we want to allocate dollars and for what amenities or do we want to go back to the last 2009 plan that Enviroscape did and take that and modify it? I think that's the question. Supervisor Johnson: There was an original plan? Ms. Wolf: Yes, from 2009. Mr. Wright: At the next meeting we can certainly go into a lot of detail. Plus, Christi has a lot of information over who plays and the number of residents and nonresidents. Supervisor Miller: The point I'm trying to make is we're doing good things over here and we're finally responding to the non-golf needs of the community; on the island, in here and so forth. We're, probably, sort of drifting in the phase 2 of this thing. We've got a full plan and we need to review it, present it and see how we're going to finish off and the tennis courts are key. Mr. Wright: I think that's a reasonable thing to do. We'll have that back at the July meeting.

Supervisor Johnson: You had said that those two employees that are now part time going full time and the hours are… Mr. Wright: It's pretty much seven to seven. Supervisor Johnson: Well, I know when we first started this a few years back we wanted to keep it part time to avoid benefits. If we're going to have J.R. and Juan full time, couldn't their hours be scheduled on a part time basis? Especially like seven to three and three to seven; switch and swing much like plants do? Mr. Wright: Juan doesn't work full time over here. He works two of the three days… Ms. Wolf: Right. Mr. Wright: And the other three days he works in the office. He's, basically, office support as well. Supervisor Johnson: Maybe we can keep him part time in the office and just hire another part time person. Supervisor Miller: I want to tell you he's one of the most cooperative people I've seen since I've been here in Sun' n Lake; he's a real pleasure to work with; don't tick him off. President Gangemi: I think it's, probably, the most logical way to do it.

Just to touch briefly on the tennis courts; we've had some discussion about the use of the tennis courts and moving them over. The concern that I have is when we look at the recreation and the golf proposals to give away free membership to the swimming pool and the fitness center is going to take some money out of here. Let's look at this and we'll revisit this tennis court situation in the future; who's going to use it and who's going to pay for it, if it's going to be lit or not lit, members and nonmembers, people who jump on the fence and all kinds of things. Supervisor Miller: We talked earlier about restricting legal access, are we going to do that? Mr. Wright: I don't think you'll totally ever restrict the legal access unless you fix it, but can we close the access to the parking lots at a certain time? Sure, we can; we can add that to security's duties. The building is used a lot of times at night after hours. Supervisor Miller: We have no lighting whatsoever here, do we? Mr. Wright: We've got lighting out here. Ms. Wolf: Yes, there are lights. Supervisor Miller: Even to play basketball? Mr. Wright: No, not to play basketball; just aerial lighting. Supervisor Miller: There's no reason for after dark… Ms. Wolf: No, there should not be. Supervisor Miller: We, probably, should try and secure the place.

Mr. Wright: We are looking to add some additional cameras for security purposes and we've got an elliptical machine we're looking to replace. Supervisor Guglielmi: Did anything happen when they stole those speakers? Mr. Wright: Well, Mr. Hurley and I were having that conversation this morning and we think one of the gentlemen the Sheriff's Office is looking for may have been our culprit. Mike knew the guy and it's not clear enough to absolutely say it was him, but it sure has a lot of the physical characteristics and clothing; we think it's him. Plus, in talking with Major Schrader yesterday we've had a rash of what they call car fishing events over in the Granada and Matanzas area. Car fishing is, basically, going into cars that are unlocked and stealing whatever you can find. We think that also may go away because we think those gentlemen were involved in that as well. Supervisor Guglielmi: I saw those pictures from those cameras and I'll tell you what… Mr. Wright: They're not very good. Supervisor Guglielmi: No, they're not. Mr. Wright: That's why we want to upgrade some of our cameras.

Supervisor Miller: Can I make a plea for street lighting? There are other lighting issues that we have. We've addressed most of the major ones and I see no budget in here whatsoever about any kind of street lighting or corrective action. Mr. Wright: We're not looking to add any additional lights, but we can if you think we need to. Supervisor Miller: I just hate to see peaks and valleys, I guess. We've had several requests for different lights. Mr. Wright: I haven't had any requests in the past year; perhaps you all have. Supervisor Miller: A gentleman in Unit 2 is constantly vocal about certain things. We do have a very strange spacing throughout the community. Mr. Wright: Actually, Unit 16 has, probably, twice the density of street lighting as the other units. Supervisor Miller: That's right and there are some streets where the density is quite good. Tarrega, for example, I thought we were going to have a series of lights there, but we only have one. Mr. Wright: We tried to make the spacing similar to what's in the other surrounding areas, which is about a light every five to six lots. I think if you look at the map that's about where the spacing is. Trees will affect that though in Maronda you don't have any trees, but that will have some affect if you have a heavy canopied area. Supervisor Miller: Greg, that falls in your area and I would simply say that I would not like to see it become a forgotten item in terms of our service here in Sun 'n Lake. I'm not saying we have to put money in this year, but we are going to put a line item under code enforcement analysis, right? Mr. Wright: What we could do is let us figure out how much money we're talking about, do a little research and we could just add it to the consultants line and back in administration and pay for it out of that. Supervisor Miller: I really don't want this to go to a lawyer; I'd like to go to a guy that's a long time specialist in this area and has some experience. Mr. Wright: Do you have anybody in mind? Supervisor Miller: No, I don't, but, again, there are two things. Number one, we need to toughen up what we've got. Secondly, if it's at all possible, I don't know if it's possible, but as Frank talked about, we tried to shorten the cycle so that we can get after these people. Mr. Wright: I think you can shorten the cycle without much difficulty. Supervisor Miller: Chapman's are going bananas because these people next door are doing this deliberately just to upset them. Mr. Wright: I think they're aggravating them; I really do. I drive through there two or three times a week on purpose. Supervisor Miller: She's beside herself and Bruce is not fun to be around either. Mr. Wright: Sometimes I go through there and there's not a car there and sometimes there are four. I try to go at different hours because it's not too far from my house. Supervisor Miller: They had an open house a few weeks ago and Bruce called so I walked over there and asked the lady to put the cars in the driveway and she did for one day and then they went right back out again; it's tough. Mr. Wright: I think there's more to that story; I think there are some deliberate actions on the part. Supervisor Miller: I'm sure there is. Mr. Wright: We had some other problems in that area; we've got a guy with an RV and another with a semi-truck. We're constantly dealing with issues there.

Seven is code enforcement which is, essentially, the same budget as last year.

Supervisor Halbig: Back up to six. The life and health insurance seems to be way out of line and it might be because you didn't have the personnel to start with as you do now. Mr. Wright: That's where one of our family policies is located and we've got two more people in that department. Supervisor Halbig: Okay.

(Supervisor Miller asked to be excused for the rest of the meeting).

Mr. Wright: Comments on the golf course, just from a public records standpoint, because Ron is not as familiar with public records, if you'll send them to me I'll make a copy, make a public record and ship it over to Ron that way if somebody comes in and asks for them, which I suspect they will be doing, we have it available.

Mr. Wright: I think we're down to a couple of major points. Fire is, basically, the same budget just a little more money for repair of equipment because our trucks are aging. I do think, hopefully, we can put the non ad valorem assessment on the tax bill to support fire this year; that has to be done by June 30th every year and we simply just don't have the time to do it, but I think we're working toward it and eventually doing something with fire. In the mean time it's a status quo budget.

President Gangemi: Could I just jump back to Page 7? We had $25,000 last year; are we going to drop that down or do you want to leave it like that; the cost of magistrates? Mr. Wright: We could reduce that. Ms. Cannady: We can use some of that for consulting that we were discussing. Mr. Wright: I'll tell you what; why don't we leave it there and then we'll pay for the consultant out of that? President Gangemi: Okay.

Public safety? Mr. Wright: The only thing that's in there that's different than what we talked about is some money for some uniforms and a half ton truck; they're pushing 100,000 miles on the explorer. Mr. Hurley and I talked and they would prefer to go to a pickup truck. One of the things they do on the weekends is throw signs in the back. This is a state contract for the pickup and it is four wheel drive because they do get off road occasionally; it's also a very reasonably priced truck. President Gangemi: One of the things as a supervisor it appears to me that he is spending more than 32 hours on his job. Mr. Wright: He is and he and I had that conversation. President Gangemi: What's the Board's feeling on…? I don't even know if he would want to be full time. Mr. Wright: I'll give you an example. The other night, over the weekend, one of the guys called Mike out because he had a problem; an external burglary alarm on Pebble Beach or Myrtle; one of those areas. Of course, it was a part time resident who lives up north. The guy didn't know what to do and it took Mike two hours to finally track down somebody who had access to the house. He does a lot of that. He and I talk, probably, three or four mornings a week; we have our standard 7:00 meeting. Let him and I work through the summer and see if we can resolve some of those issues. I don't think he wants to go full time; I think he enjoys his part time status. Supervisor Guglielmi: But we, probably, should put him on salary. Mr. Wright: We may need to do that. Supervisor Guglielmi: That way his hours can be flexible. Mr. Wright: He's not just a supervisor; he is a working supervisor. He has literally pulled shifts just like everybody else. Supervisor Guglielmi: I think if we put him on salary then he works whatever hours he needs to work and some weeks he works more than others. Mr. Wright: Let me talk to him. By the way, we are putting a GPS in all the vehicles. It's more of a management tool as much as anything else; we have it on our other public safety vehicles. President Gangemi: Okay.

III. Buildings and Grounds

Mr. Wright: This is down slightly. We moved some of the utility costs out of here over to this call center. You've got a material storage bin. Do you all understand what that is? It's so we could keep our sand, our dirt, bark or whatever else we have. Some of the golf materials will be stored in there as well. Then, he's looking at a replacement lawn mower. President Gangemi: Which lawn mower is this? Is this another one we're buying? Mr. Griffin: (Inaudible) President Gangemi: Okay. Mr. Wright: By the way, that machine has proved every bit of the benefit that we thought it would be and the golf guys are using it as well.

Supervisor Johnson: What are the salaries? It went from 69 to 50 and then janitorial services went from 17 to 0. What were janitorial services? Mr. Wright: Those are some of the line items that we moved over to the recreation center. Supervisor Johnson: In a sense, it really isn't down? The overall budget? Mr. Wright: It's been moved, but it offsets some of the increases that you had in recreation.

IV. Roads and Drainage

Mr. Griffin: Essentially, everything here is going to remain in line. The only major change is in the equipment line item. We requested an Argo which is an amphibious utility vehicle; it's a tracking machine that will allow us to go into our currently unmanageable wetland areas and start managing them. It floats but it also has an aggressive track to it so it's able to drive through, virtually, anything that we have on site. It'll be used across departments but primarily it'll be used in the roads and environmental area.

Supervisor Johnson: I see engineering fees and that's something I'm always concerned about because it keeps going up and up and up. I know we're doing a lot of infrastructure… engineering fees of $40,000; we're already over budget. We didn't have this kind of big expenditure in years past and I know we're doing a lot of infrastructure, but I think we have to be careful because it's getting up there. Mr. Wright: We do have a lot of capital projects but not everything has to be engineered though some stuff does. Mr. Griffin: We also have several shortcomings in the drainage areas that are in the back that we're going to have to address in the coming years. We either have to have the plans in place or the construction undertaken by the next inspection, which I believe is 2013. Supervisor Johnson: We only have so much money. It isn't like we have a blank checkbook where we keep writing these checks. You have to include in the project cost the cost of engineering so it's, kind of, misleading when we look at a project and it's only supposed to be $150,000 and then we come up with $20,000 engineering fees, which is 1/5 of it. I just watch engineering fees. I think we spent way more in the last two years than we have in the previous, probably, three.

Mr. Wright: On the last page, your internal loans, this is where they're located. Do you want to suspend those; that's $189,000? Supervisor Johnson: I don't want to suspend both of them; I won't go for that. Mr. Wright: I'm looking for some direction from the Board. Supervisor Johnson: There are three loans, correct? I don't think we need to spend all three. I'm steadfast on forgiving those loans like Supervisor Miller. The amount of money is quite a bit on all three loans. Supervisor Halbig: Yes, but we've got $150,000 on the greens on Turtle. Supervisor Johnson: We haven't approved that yet. Supervisor Halbig: We have to do it. Supervisor Johnson: Don't they go hand in hand? I'd like to know what the different ones are. Mr. Wright: I've got them right here. Ms. Cannady: Do you want to know the balances or the original loan amounts? Mr. Wright: No, no; how much goes in utility accounts. Supervisor Johnson: The balances, probably. The original loans were $400,000 or $500,000. Ms. Cannady: This $189,000 is one year. Of the $189,000, $42,000 will go to utility. Mr. Wright: And the rest in general fund. Supervisor Johnson: How much was the total? Ms. Cannady: $189,197. Mr. Wright: It's on Page 12, the third item down. Supervisor Johnson: $147,000 gets us greens if in fact that's what we want to do; I've got to believe the golf club ought to be able to find $3,000 somewhere. I would not suspend both of them because we don't need both of them; it's $147,000 without the utility. Suspend is the wrong term anyway; it's defer. President Gangemi: What are you deferring? Are you deferring the $189,197? Supervisor Johnson: No, she said the total was $189,000 so $42,000 is utility and $147,000 goes into the general fund. Deferring the general fund for one year; $147,000 gets us the golf course greens pretty much. President Gangemi: We haven't decided if we're going to do that yet. Supervisor Johnson: No. That's the way I would recommend we do it. Mr. Wright: I'm reading faces. President Gangemi: I don't think we ought to do that until we have a decision on the golf greens. Supervisor Johnson: Yes, I agree with that. Mr. Wright: Hold off until the next budget meeting in July? President Gangemi: Yes. Supervisor Johnson: I won't be here in July so I may just call in. There won't be another budget in July will there? Mr. Wright: Yes, there will.

On the top of the page you can faintly see the lot lines if you look closely; this gives you an indication. If you look on the right side of the page, you see a white stripe coming down through there; that's pretty much the property line right there. Does that give you an indication? Supervisor Guglielmi: Basically, if you move everything over it'll be the same thing as if you kept the property line on the right side. Mr. Wright: You're just moving it over a little bit to the right. Supervisor Guglielmi: I don't have a problem putting out of line stakes there. Mr. Wright: I'll let Ron give me the number on that for a "not to exceed cost". I'm sure we can do it cheaper; we can do some modifications. Supervisor Halbig: Frankly, I don't think we ought to do it. We've got enough improvements and stuff we're going to be doing. Supervisor Johnson: I agree. Mr. Wright: The difference is there are thousands of lots, but you don't own them. You own these lots free and clear with no debt on the golf course; pure profit. Supervisor Guglielmi: Could we sit on this for a while until the property values come up? Mr. Wright: Yes; absolutely. Supervisor Guglielmi: Okay. Mr. Wright: That's what I'd recommend; to go ahead and get them ready so that when you're ready to sell them you can do that. There are actually 20 lots that are included in the scrub jay habitat. Supervisor Johnson: Aren't you going to pave this road? Are we going to have overlapping projects if we start to do something like this? We've got the paving going on the right side and we'll have the fairway going on the left side. Mr. Wright: The paving will take a day; it'll take one day in July. Supervisor Johnson: I'm not for it because I think we have too many lots now. I know these are lots we own, but we've got enough problems with the lots we have now and taxes. Do we pay taxes on these lots now? Mr. Wright: Yes, you do. Supervisor Johnson: Okay, so we have all the other lots that we have for sale. We talked about going in the other unit… Mr. Wright: You don't really have any lots for sale that aren't encumbered by extreme debt. Supervisor Johnson: Well, I thought we had no debt right next to it on the other side of #10; over there on the Brett Circle and all those streets. Those lots don't have any debt you told me. Mr. Wright: No, ma'am. All of them have debt. Supervisor Johnson: You said in Unit 16 you wanted to go over on the other side… Mr. Wright: They have less debt; they have Phase V only. Unit 16, for the most part, has both debt. Supervisor Johnson: Some of the lots in Unit 16 only have $8,000 on them. Mr. Wright: Yes, but they're not on the golf course. These lots will sell before any other lot sells if you choose to do that. It's absolutely money in the bank. Supervisor Johnson: I know but it isn't necessary to do it now because nothing is selling anyway. President Gangemi: That's not true. I'm aware of nine sales in my neighborhood. Supervisor Johnson: Of lots? President Gangemi: Yes, ma'am. Supervisor Johnson: How are we going to sell these? Once again, when we sell land, I think, it ought to be listed on our inventory rather than people saying they want to buy these lots because not everybody has the same opportunity. Mr. Wright: This is a unique circumstance. At the time you get ready to sell it I would list them with a realtor and list them at a high price; I think you'll eventually sell them. Supervisor Johnson: Why would we list them with a realtor when we can list them on our website? Mr. Wright: Exposure more than anything else. I don't think many people know to look on our website. All I'm trying to do now is position the District to make a few hundred thousand dollars net profit; that's what it boils down to. Supervisor Johnson: I'm not in favor of it. President Gangemi: Okay, we'll take a look at that. Some of those lots are nicer. I know because I've been in some of those lots and some of my friends have been in some of them. Supervisor Guglielmi: Let's wait a year. Mr. Wright: Take your time and get top dollar. That's all I'm saying.

Mr. Wright: The other stuff, I think, we've pretty well talked about. Are there any other changes or anything you'd like to see made between now and the next meeting? I think you've got a pretty good overview of where we stand.

With no further business, the workshop was adjourned.

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Eugene Gangemi, President
Board of Supervisors

Transcribed by: ____
Julixa Robinson, Administrative Assistant/Board Secretary